

Independent Study of the Purchasing Department

CITY OF SPRINGFIELD, MASSACHUSETTS



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1. INTRODUCTION AND EXECUTIVE SUMMARY

This initial chapter of the report introduces the approaches utilized in this study and summarizes key findings, conclusions and recommendations to be found in this report.

1. INTRODUCTION TO THE REPORT

The Matrix Consulting Group was retained by the Springfield Financial Control Board to conduct an Independent Study of the Purchasing Department. In reaching the concluding point of the study, the project team has assembled this final report, which summarizes our findings, conclusions and recommendations, where appropriate. This report represents the conclusion of two months of analysis of the organizational structure, staffing, management and operations of the Purchasing Department.

The scope of this study was comprehensive and included the following:

- Review of all processes of the Purchasing Department.
- Comparison of the organizational structure, staffing levels, and operations with other municipal procurement functions in New England.
- Analysis and development of recommendations for improving the organization, functions and processes of the Purchasing Department.

In this Independent Study of the Purchasing Department, the Matrix Consulting Group utilized a wide variety of data collection and analytical techniques. The project team conducted the following data collection and analytical activities:

- The project team initiated the project by interviewing key Finance Department managers, including personnel from Finance, Audit and Purchasing departments.
- The project team utilized an intensive process of interviewing each Purchasing Department staff position.

- Follow up interviews and observations were utilized by the project team.
- In addition to interviews, the project team collected detailed data from the Purchasing Department documenting workload, processing times, service levels, operations and costs.
- The project team developed a descriptive summary, or profile, of the Purchasing Department, reflecting organizational structure, staffing, workloads, services levels, and programmatic objectives. This profile was reviewed with the Purchasing Department management and staff. The final version of this profile is contained in this report.
- The Matrix Consulting Group compared organizational structure, staffing levels, as well as certain operational and service delivery indices against procurement operations in other municipalities.
- The project team compared the work approaches utilized in the Purchasing Department to 'best management practices' in government procurement operations and management. This step served to identify issues in our analytical process.
- We analyzed identified issues, leading to this final report.
- Throughout this process we reviewed study progress, identified issues and alternatives with Purchasing Department staff as well as with the City's Finance Department and staff of the Finance Control Board.

In summary, the processes utilized by the Matrix Consulting Group in this study included intensive input from the Purchasing Department staff; detailed data collection and analysis; and an interactive process at each key step in the process.

2. EXECUTIVE SUMMARY

The project team has prepared a summary of the key findings, conclusions and recommendations to be found in this final report. Before this summary of recommendations is provided, however, the project team dedicates the next section to the positive aspects that characterize the operations of the Purchasing Department.

(1) Purchasing Department's Key Strengths

A study such as this one by necessity focuses primarily on areas where improvement opportunities exist in the performance and/or cost effectiveness of the service provided by the Department. However, this process has also identified many positive areas that should be highlighted. The following points summary a few of the positive attributes of the Purchasing Department.

- The Purchasing Department has taken steps to tighten internal controls over the vendor database. The Department purged over thirty thousand vendors from the database.
- The Department has created a manual, which presents a summary of relevant procurement laws, as well as descriptions of many key processes.
- Departmental personnel have started to take classes offered by the Office of the Inspector General, providing specific training related to public procurement in Massachusetts.
- The Department has taken steps to reduce costs and increase the purchasing power of the City through the competitive bidding and establishment of price agreements for certain commodities, such as office supplies.

The section, which follows, presents a summary of the opportunities for improvement identified in this report.

(2) Opportunities for Improvement

The study of the Purchasing Department also identified many improvement opportunities that will improve the efficient and effective delivery of Departmental services. The table, which follows, presents a summary of the recommendations. The detailed analyses behind each of these recommendations are contained in the report.

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Index	Recommendation	Responsibility for Implementation	Timeframe for Completion	Cost Increase/ (Savings)
4.1.1	The CFO should issue a directive to all City departments, which establishes rules government procurement.	Chief Financial Officer with assistance from the Chief Procurement Officer	Immediate	N / A
4.1.1.1	Notify all department directors that all procurement activities in the City will adhere to M.G.L. Chapter 30 B and that they will be held accountable to Chapter 30 B.	Chief Financial Officer with assistance from the Chief Procurement Officer	Immediate	N / A
4.1.1.2	The memorandum should clearly delegate authority to the Chief Procurement Officer to enforce all procurement laws for the City.	Chief Financial Officer with assistance from the Chief Procurement Officer	Immediate	N / A
4.1.1.3	Internal controls should continue to be strengthened.	Chief Procurement Officer	Immediate	N / A
4.1.2	The Purchasing Department should tighten internal controls over the vendor database.	Chief Procurement Officer	Immediate	N / A
4.2.2	Purchasing should develop a policies and procedures manual for customers that specifically outlines standard practices in the City.	Chief Procurement Officer with support provided by staff.	3 months	N / A
4.2.3	The Purchasing Department should provide training to its customers.	Chief Procurement Officer with support provided by staff.	6 months	N / A
4.2.4	The Purchasing Department should utilize its website to provide information to its customers.	Chief Procurement Officer with support provided by staff.	6 months	N / A
4.3	Purchasing should increase the level of support it provides to its customers.	Chief Procurement Officer with support provided by staff.	6 months	N/A
4.4	The Purchasing Department should enhance the skill level of departmental staff.	Chief Procurement Officer	18 months	Depending on classes / formal training
4.5.3.1	The Purchasing Department should eliminate one principal clerk typist position once processes are streamlined.	Chief Procurement Officer	3 months	(\$37,441)
4.5.3.2	The Purchasing Department should eliminate the compliance officer position.	Chief Procurement Officer	Immediate	(\$60,199)
4.5.3.3	The Purchasing Department should enhance the utilization of professional procurement staff.	Chief Procurement Officer	6 months	N / A
4.5.3.4	Purchasing should eliminate the secretary position.	Chief Procurement Officer	3 months	(\$42,771)
4.5.3.5	The Purchasing Department should eliminate the accounts payable clerk position.	Chief Procurement Officer	3 months	(\$42,771)

2. DESCRIPTIVE PROFILE

This document provides a Descriptive Profile of the Purchasing Department. The purpose of the Descriptive Profile is to document the project team's understanding of the Department's organization, allocation of staff by function, and principal assigned responsibilities of staff. Data contained in the Profile was developed based on site work conducted by the project team, including:

- Interviews with Purchasing Department staff to understand roles and responsibilities, purchasing processes, etc.
- Interviews with other departmental managers in the City to discuss quality of service issues.
- Collection of various data describing organization and staffing, workload and service levels as well as costs.
- Documentation of key practices as that relates to work planning and scheduling, policies and procedures, as well as work processes.
- Observation of business processes, workflow and staff activities.

The structure of this Descriptive Profile is as follows:

- Background of the Purchasing Department.
- Organizational charts of key functions showing all staff positions by function and shift as appropriate and reporting relationships.
- Summary descriptions of key roles and responsibilities of staff for each division. The responsibility descriptions provided in the Descriptive Profile also summarize the team's understanding of the major programs and service activities to which staff throughout the Department are currently assigned. It should be clearly noted that responsibility descriptions are not intended to be at the "job description" level of detail. Rather, the descriptions are intended to provide the basic nature of each unit and assigned positions including staffing levels and work schedules, program targets and service descriptions.
- Where necessary to better describe allocations and scheduling, additional charts are provided (e.g., scheduling, workload data, etc.).

The sections, which follow, present background information on the Purchasing Department.

1. BACKGROUND

The Purchasing Department is responsible for management and oversight of the public procurement process and activities for the City of Springfield. The Purchasing Department provides services to other City departments with respect to the procurement of materials, supplies and services. Through a public and competitive procurement process, the Purchasing Department is responsible for ensuring the lowest cost, while achieving the quality necessary for the departments. Key activities in the Department include public bidding, informal quote solicitations, contract / price agreement issuance, vendor database management, receipt and processing of purchase requisitions and orders, etc.

The Purchasing Department's Fiscal Year 2005 – 2006 program objectives include the following:

- Increase the number of contracts and price agreements (informal and formal bids) completed.
- Maintain at least 90% of requisitions converted to purchase orders within five days of receipts.
- Institute a regular end-user training program for staff in City departments by June 2006.

The Purchasing Department has established key program measures, which are presented in the City's annual budget. The table, which follows, presents the key measures for the Department.

Key Program Measures	Fiscal Year 2004 (Actual)	Fiscal Year 2005 (Estimated)	Fiscal Year 2006 (Projected)
Requisitions converted to a purchase order within five days of receipt.	100%	80%	90%
Formal and informal bids processed	343	295	320
Purchase orders issued	20,461	24,000	25,000
Purchase orders per assigned FTE	4,092	4,800	5,000
Contracts completed	373	440	420

The table, which follows, presents the Purchasing Department's annual operating budget for three fiscal years.

Expenditure Summary	Fiscal Year 2004 (Actual)	Fiscal Year 2005 (Adopted)	Fiscal Year 2006 (Projected)	% Change
Regular Payroll	\$551,553	\$528,855	\$514,019	-7%
Overtime		\$700		—
Subtotal Personal Services	\$551,553	\$529,555	\$514,019	-7%
Purchase of Services	\$29,594	\$38,121	\$38,304	29%
Materials and Supplies	\$4,761	\$6,953	\$3,120	-34%
Other		\$180	\$180	—
Subtotal Operating	\$34,355	\$45,254	\$41,604	21%
TOTAL	\$585,908	\$574,809	\$555,623	-5%

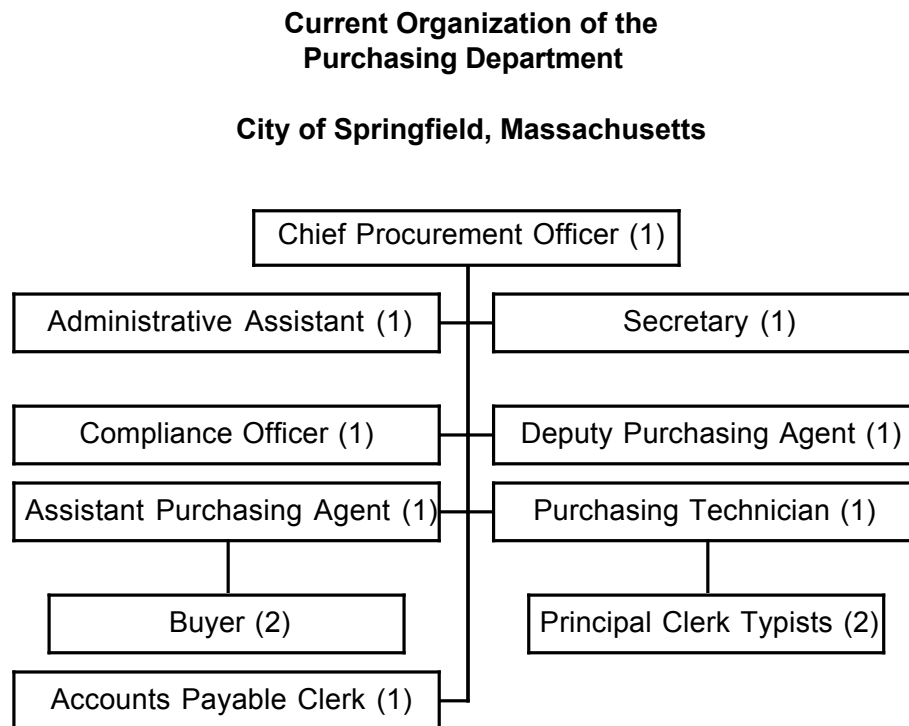
The points, which follow, provide a review of the information presented in the above table.

- The annual operating budget for the Purchasing Department for fiscal year 2006 is \$555,623. This represents a 5% decrease from fiscal year 2005.
- Personal services account for 93% of the Department's budget for FY 2006.
- Personal services costs have decreased by 7% since fiscal year 2004 as a result of a reduction in authorized positions.
- Operating and maintenance expenditures have increased by 21% from fiscal year 2004 to fiscal year 2006.

The section, which follows, presents the table of organization for the Purchasing Department.

2. ORGANIZATION

The Purchasing Department has twelve authorized positions. The table, which follows, presents current organization of the Purchasing Department.



As noted the Purchasing Department has twelve authorized positions. The table, below, presents the staffing trends for the Purchasing Department.

Funded Positions	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006
Chief Procurement Officer	1	1	1
Deputy Purchasing Agent	1	1	1
Assistant Purchasing Agent	1	1	1
Compliance Officer	1	1	1
Purchasing Technician	1	1	1
Administration	8	7	7
Total	13	12	12

From fiscal year 2004 to fiscal year 2006, the Purchasing Department lost one fulltime authorized position in administration.

3. KEY ROLES AND RESPONSIBILITIES

The table, which follows, presents the key roles and responsibilities of all authorized positions for the Purchasing Department. This table is not intended to capture responsibilities at the “job description” level of detail.

Unit / Position	No. of Positions		Responsibilities
	Auth.	Current	
Chief Procurement Officer	1.0	1.0	<ul style="list-style-type: none"> • Responsible for the overall direction and management of the Purchasing Department. • Develops and implements policies and procedures for the Department and City with respect to procurement. • Ensures compliance to Massachusetts' public procurement laws. • Reviews and approves all purchase requisitions. • Serves as a member on review and evaluation committees for citywide projects. • Provides technical assistance and research of market trends and bidding services. • Establishes new vendor relationships and recommends relinquishing of non-performing vendors.
Deputy Purchasing Agent	1.0	1.0	<ul style="list-style-type: none"> • Serves as the lead procurement agent for all construction projects, including owner's project manager, design and construction phases. • Writes invitations to bid for construction projects and coordinates needs with internal customers (i.e., department heads, etc.) • Responsible for approving leave time, as well as weekly time and attendance. • Primary responsibilities for personnel issues management (i.e., disciplinary processes). • Back up to the Chief Procurement Officer. • Provides internal (departments) and external (vendor / bidders) customer assistance. • Provides technical assistance to all clients, as necessary. • Conducts market research and makes recommendations to customer departments.

Unit / Position	No. of Positions		Responsibilities
	Auth.	Current	
Compliance Officer	1.0	1.0	<ul style="list-style-type: none"> • Responsible for monitoring contractors' compliance to the prevailing wage laws, as well as track minority and women owned businesses and distribution of work hours. • Conduct pre-bid conferences to instruct bidders on requirements and compliance needs. • Reviews all bid packages to ensure complete submittal of MBE / WBE forms. • Assist contractors with understanding the requirements of City Ordinance 4.14. • Monitor and ensure compliance with City Ordinance 4.14. • Review payroll reports submitted by contractors for compliance with prevailing wage regulations. • Perform periodic site visits of construction sites to informally interact with employees and track the number of minority and / or woman workers. • Designated as the 'Affirmative Marketing Construction Officer' (AMCO) under Chapter 193, Construction Reform Law.
Assistant Purchasing Agent	1.0	1.0	<ul style="list-style-type: none"> • Responsible for the daily supervision of formal bids and informal quotes. • Supervises the two buyer positions. • Responsible for the procurement of goods and services for the City of Springfield. • Provides technical assistance to departments. • Researches open market for similar bids and RFPs. • Works closely with all customer departments and vendors.
Buyer	2.0	2.0	<ul style="list-style-type: none"> • Responsible for the procurement of goods and services for the City of Springfield. • Receives purchase requisitions for services from the Chief Procurement Officer. • Reviews procurement needs for each purchase requisition. • Coordinates with the internal customer (i.e., departments) to ensure specifications are complete. • Solicits informal quotes when necessary. • Creates bid package, including advertising and announcements, bid documents, contract template, etc. • Oversees bid openings and records bid results. • One buyer is responsible for processing invoices for heating. This includes maintaining excel spreadsheets for each department and tracking heating invoices against budgets, as well as submitting invoices for payments to the Auditor.

Unit / Position	No. of Positions		Responsibilities
	Auth.	Current	
Purchasing Technician	1.0	1.0	<ul style="list-style-type: none"> Provides support to the Buyers with respect to bids, including: <ul style="list-style-type: none"> Create bid files which includes assigning bid number, creating folder and appropriate labels. Create vendor list for each bid. Create mailing labels, copy bid documents and mail bid packages. Record information as needed (e.g., receipt of bids, etc.) Supervises 2.0 Principal Clerk Typists. Provides assistance with respect to the processing of purchases requisitions and orders. Processes change orders when needed. Updates and makes changes in the vendor databases when required. Troubleshoots problems, as requested. Provides front counter support, customer service and technical assistance to customers.
Principal Clerk Typist	2.0	2.0	<ul style="list-style-type: none"> Through inter-office mail and / or the Mapper system, receives purchase requisitions. Time-stamps each purchase requisition. Manually assigns purchase order numbers to each purchase requisition. It should be noted that at the beginning of each fiscal year, Departments are provided with a block of purchase order numbers. As such, Department often assign purchase requisitions a purchase order number from the block of PO numbers assigned to them. Once purchase requisitions are reviewed and approved by the Chief Procurement Officer, responsible for entering purchase requisitions into Mapper to create purchase orders. MIS prints purchase orders (each morning prints the previous' days entries). Review purchase orders to ensure information is complete and accurate. Purchase orders are signed (rubber stamped) by the Auditor's Office, as well as Purchasing.
Principal Clerk Typist (continued)			<ul style="list-style-type: none"> Receives print outs of purchase orders and separates and mails copies to the following: <ul style="list-style-type: none"> One copy mailed to vendor Two copies to file (one by vendor name and one by purchase order number) Two copies to the Department. Responsible for managing the vendor database, including adding new vendors and making changes to existing vendors. Provide front counter support.

Unit / Position	No. of Positions		Responsibilities
	Auth.	Current	
Accounts Payable Clerk	1.0	1.0	<ul style="list-style-type: none"> Processes change order requests. City practice allows for purchase order prices to exceed no more than 10% for all departments, except the School Department whose orders can exceed the PO amount by 20%. Monitors the Purchasing budget, including: <ul style="list-style-type: none"> Receives all invoices for Department. Uses Excel to track expenditures against budget. Processes all invoices and submits them to the Audit Office for payment. Tracks time and attendance for Department personnel, including leave time balances. Monitors fuel expenditures for the Department's one vehicle (assigned to the Compliance Officer). Responsible for completing the tax exempt forms for vendors. Purchases the Department's office supplies and oversees maintenance agreements for office equipment. Provides front counter support.
Administrative Assistant	1.0	1.0	<ul style="list-style-type: none"> Provides general administrative and clerical support to the Chief Procurement Officer. Serves as back-up with respect to time and attendance monitoring and reporting. Primary responsibility for price agreements. Creates database of all price agreements, which includes vendor, type of service or good, terms of agreement (e.g., length), date of expiration of agreement, etc.
Administrative Assistant (continued)			<ul style="list-style-type: none"> Responsible for monitoring renewal and expiration dates of price agreements and providing adequate notice to Departments. Process price agreement extensions as needed. Serves as liaison to the Personnel Department and maintains all personnel files for Department employees. Assigns price agreement numbers to each vendor on the awarded bid, processes notices to proceed documents as needed. Assembles price agreement package, including insurances, bonds, corporate certificates, and tax affidavit. Compiles all information for completeness and receipt of all required bid documentation before paperwork is signed. Tracks data electronically through Excel and word files. Data are available on a shared drive.

Unit / Position	No. of Positions		Responsibilities
	Auth.	Current	
Secretary	1.0	1.0	<ul style="list-style-type: none"> Provides general administrative and clerical support to the Chief Procurement Officer. Primary responsibilities for contracts and renewals. Assigns contract number to each relevant purchase requisition. Assembles contract package. Ensure contracts are complete (e.g., receipt of all required documentation and forms). Tracks information in an Access file, including the contract number, vendor name, department requesting service, description of services, and contract amount. Distributes contracts for signature and tracks turnaround time for contract signature process in Access database. Responsible for coordinating the issuance of notices to proceed. Sends contract to the Audit Department to encumber funds for contracts. Processes all surplus and / or obsolete sales. Receives and processes all bid deposits and payments for the Department.

The section, which follows, presents the key workload and service level trends for the Purchasing Department.

4. WORKLOAD AND SERVICE LEVEL TRENDS

The Matrix Consulting Group collected data from the Purchasing Department with respect to key activities and workload. The table, which follows, presents the number of bids for the current fiscal year, as well as the two previous fiscal years. The Department anticipates that the number of bids issued by the Department will increase this fiscal year from last fiscal year.

Type	FY 2003 – 2004	FY 2004 – 2005	FY 2005- 2006	% of FY 2005 – 2006 Bids
Formal	202	182	99	56%
Informal	135	165	75	43%
Emergencies	4	5	2	1%
Total Bids	341	352	176	100%

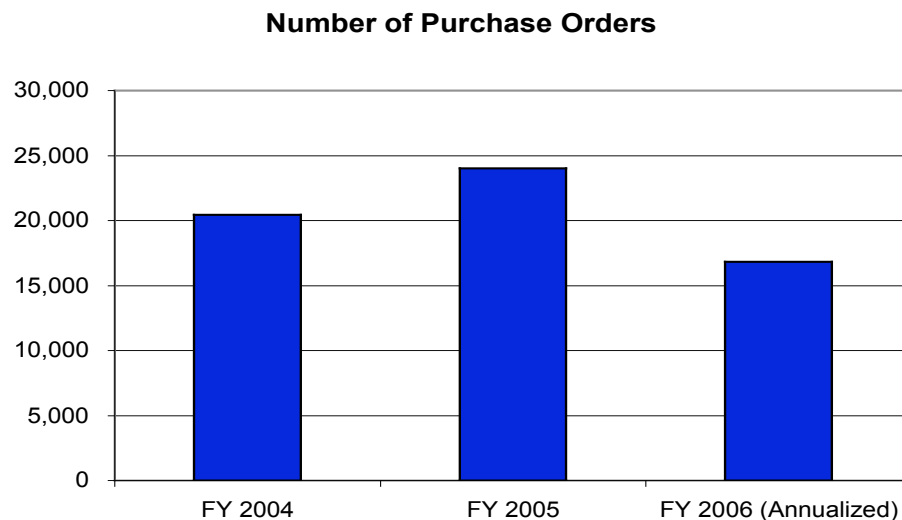
As shown in the table, formal bids account for approximately 56% of all bids issued by the Purchasing Department.

The Purchasing Department is also responsible for the auction of surplus and obsolete vehicles. The table, which follows, provides a summary of the surplus and obsolete vehicle auctions held by the Purchasing Department.

Auction Date	Number of Vehicles	Total Revenue
04/03/04	24	\$3,890
06/05/04	39	\$5,203
07/31/04	36	\$4,790
09/25/04	36	\$9,150
10/03/04	54	\$12,696
11/20/04	46	\$8,870
Total for Fiscal Year 2003 - 2004	235	\$44,599
02/12/05	25	\$16,813
03/26/05	26	\$19,298
05/14/05	27	\$12,636
06/18/05	25	\$9,673
Total for Fiscal Year 2004 - 2005	103	\$58,420

The Department has not conducted any auctions in fiscal year 2005 – 2006. Sales increased by 128% from fiscal year 2003 – 2004 to fiscal year 2004 – 2005.

The chart, which follows, presents the number of purchase orders issued by the Purchasing Department.



As shown in the chart, the number of purchase orders issued by the Purchasing Department ranged from 24,000 in fiscal year 2004 - 2005 to 16,843 (annualized) for fiscal year 2005 – 2006. The Department anticipates that the number of purchase orders issued by the Department will increase in fiscal year 2005 – 2006 from the 24,000 in fiscal year 2004 – 2005.

The Matrix Consulting Group sampled purchase requisitions. This sample consisted of 346 purchase requisitions submitted between May and December of 2005. Purchase requisitions were selected at random. The table, which follows, presents the total number of purchase requisitions and the total dollar amount of purchase requisitions by department included in the sample.

Department	No. of Purchase Requisitions in Sample	Total Dollar Amount of Sample	% of Total Dollars
Assessor	22	\$15,161	3%
Clerk	16	\$1,829	0%
Code	13	\$7,303	1%
DPW	57	\$129,985	21%
Health	30	\$16,965	3%
MIS	16	\$23,324	4%
Parks	48	\$24,775	4%
Personnel	20	\$4,102	1%
Police	27	\$33,960	6%
Schools	97	\$348,902	58%
Total	346	\$606,307	100%

The Purchasing Department is also responsible for issuing change orders when the amount of the purchase exceeds the amount of the purchase order by more than 10% for all departments except for the School Department. Change orders for the School Department are issued when actual amount exceeds the purchase order by more than 20%. The table, which follows, provides a sample of the number of change orders issued from August 25, 2005 through November 30, 2005.

Number of Change Orders Issued by Department						
Department	Aug.	Sept.	Oct.	Nov.	Total	% of Total
Department of Public Works				1	1	1%
Elder Affairs	1			2	3	4%
Fire Department		1			1	1%
Health Department				1	1	1%
Library		1		3	4	5%
MCDI				2	2	2%
MIS				1	1	1%
Parks and Facilities Management	1			8	9	11%
Personnel Department		2			2	2%
Planning Department		1			1	1%
Police Department		2		4	6	7%
School Department	15	6		20	41	50%
Treasurer / Collector				2	2	2%
Unknown	4	2	1	1	8	10%
Grand Total	21	15	1	45	82	100%
% of Total	26%	18%	1%	55%	100%	

For the sample period, the School Department accounted for 50% of the total change orders issued.

The Purchasing Department issues price agreements, which are multi-year agreements (typically one year with up to three option years) for items or services at a negotiated price. The table, below, shows the number of price agreements.

Fiscal Year	# of Price Agreements
FY 2001	198
FY 2002	123
FY 2003	123
FY 2004	159
FY 2005	145
FY 2006 (YTD)	44

In addition to price agreements, the Purchasing Department is responsible for establishing contracts for goods and / or services. The table, which follows, presents the number of contracts and total dollar amounts.

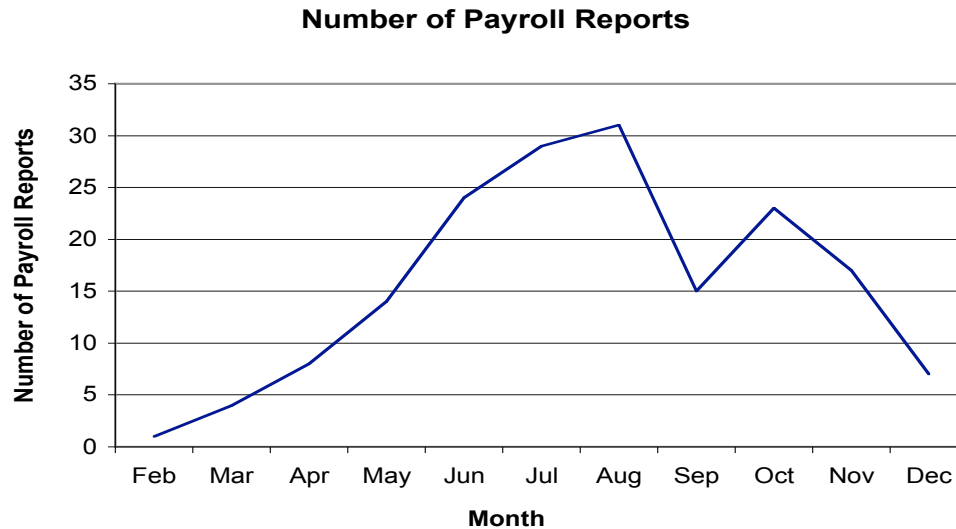
Fiscal Year	Number of Contracts	Dollar Amount
FY 2003 – 2004	206	\$12,733,981
FY 2004 – 2005	205	\$21,586,329
FY 2005 – 2006 (YTD)	120	\$10,446,065

The Purchasing Department issues more contracts than price agreements annually. Additionally, the number of contracts remained consistent from FY 2003-04 to FY 2004-05, while the total dollar amount for contracts almost doubled.

The table, which follows, presents a list of construction projects for which the Compliance Officer was recently responsible for monitoring.

Project	Contractor
Miscellaneous City Parks	Zielinski Brothers, Inc. Gardner Engineering, Inc.
Road Patching	Langone Plumbing and Heating Supply, Inc.
Street Marking	Markings, Inc.
Fencing	Brodeur- Campbell Fence Company, Inc.
Barrows Park	Zielinski Brothers, Inc.
Roadway Patching	Langone Plumbing and Heating
Reflectorized Pavement Markings	Markings, Inc.
Van Horn Park	Zielinski Brothers, Inc.
Lincoln School Windows and Doors	Chandler Architectural Products, Inc.
Kenefick Park Community Building	E.F. Corcoran Plumbing and Heating Co. Inc.
Gas Collection and Treatment System	David G. Roach and Sons, Inc.
Wire Hoop Detection	Sommer Electric, Inc.
Springfield Streets, Mallery Village	Alton E. Gleason Company
N/A	American Environmental
Tree Removal	Northern Tree Service, Inc.
31 Roofing Services	J.D. Rivet
Gerena Dental Center	RAC Builders, Inc. M & E Mechanical, Inc. E.F. Corcoran Plumbing & Heating, Inc. Cooper Masonry Rosazza Electrical Contractor, Inc.
Springfield Streets	Hi-Way Safety Systems, Inc.
Demolition of Various Properties	Associated Building Wreckers Accutech Insulation

The Matrix Consulting Group also reviewed contractor files to determine the volume and frequency of payroll reports that were reviewed by the Compliance Officer. The chart, which follows, includes a review of twenty-six contractor files for projects that were active in 2005 out of a total of eighty-eight projects in various stages of completion.



As shown in the previous chart, the number of payroll reports received by the Compliance Officer peaks from May to October when weather is conducive to construction.

In addition to the above list of active projects, the Matrix Consulting Group reviewed available data for site visits conducted by the Compliance Officer. The Compliance Officer maintains a site visit form to document site visit data and any pertinent observations. Site visit forms were only available from May to August of 2005. The table, which follows, presents a summary of the site visits conducted by the Compliance Officer.

Number of Site Visits Conducted by the Compliance Officer							
Month	Monday	Tuesday	Wednesday	Thursday	Friday	Total	% of Total
May	1	2	6	0	1	10	11%
June	12	11	3	7	0	33	38%
July	6	3	6	7	0	22	25%
August	9	2	7	2	3	23	26%
Total	28	18	22	16	4	88	100%
% of Total	32%	20%	25%	18%	5%	100%	

In addition to existing active projects, the list which follows presents projects which are likely to begin in the next twelve to eighteen months. These projects would require monitoring for compliance with the prevailing wage law.

- Kenefick Park
- Blount Park
- Harriet Tubman Park
- Putman Vocational Technical High School
- DeBerry Park

The Purchasing Department is also in the process of working with the City's Management Information System Department to:

- Develop a vendor database purging program; and
- Issue a RFP for a new integrated financial management system, which would provide new technologies for the Purchasing Department to streamline operations, reduce manual systems, and enhance customer service.

The section, which follows, presents a summary of the comparison of the Purchasing Department to 'best management practices' in government procurement.

3. DIAGNOSTIC ASSESSMENT

While the study of the Purchasing Department is designed to provide a comprehensive analysis of operations, organization and staffing, this chapter presents an important step to identifying key issues. In order to make the assessment of operational strengths and improvement opportunities, the project team developed a set of performance measures called “best management practices” against which to evaluate the Purchasing Department. These performance measures comprise the main thrust of this diagnostic assessment.

The measures utilized have been derived from professional associations (e.g., the National Institute of Governmental Purchasing) and the project team's collective experience. It represents a number of ways to identify departmental strengths as well as improvement opportunities:

- Statements of "effective practices" based on the study team's experience in evaluating operations in other agencies or “industry standards” from other research organizations.
- Identification of whether and how the Purchasing Department meets the performance targets.
- A brief description of potential alternatives to current practice.

The purpose of the diagnostic assessment was to develop an overall assessment of the Purchasing Department. Detailed analysis of the issues identified here was conducted following the completion of the Diagnostic Assessment and led to the development of this final report.

1. DIAGNOSTIC ASSESSMENT FINDINGS

The Purchasing Department provides a variety of services. Departmental strengths and improvement needs are demonstrated in the detailed Diagnostic Assessment, which follows:

Performance Target	Strengths	Potential Improvements
Purchase requisitions and purchase orders are used.	The Purchasing Department requires the use of purchase requisitions and orders.	There are significant issues associated with purchase requisitions and order process: <ul style="list-style-type: none">• Departments receive a block of purchase order numbers at the beginning of each fiscal year. Departments use these purchase items, sometimes prior to receiving permission from the Purchasing Department and Auditor's Office.• Some departments use purchase requisitions and orders for reoccurring payments, frequently used vendors, and/or frequently purchased items, rather than utilizing blanket purchase orders.• Departments submit purchase requisitions for purchases covered by price agreements and/or contracts.• Blanket purchase orders are not utilized effectively.
Users can check the status of vendor payments on-line.		Users cannot check the status of vendor payments on-line. The City of Springfield is in the process of developing a request for proposals for an integrated, financial management system.
Consumables have been standardized to obtain maximum discounts through volume purchases.	The Purchasing Department has established a price agreement with a vendor, W.B. Mason for office supplies.	There are other areas in which this practice may be utilized.

Performance Target	Strengths	Potential Improvements
The purchasing system has been automated. Purchase requisitions can be generated electronically, approved electronically, and purchase orders issued electronically.	Most City of Springfield departments can submit a purchase requisition via Mapper, the City's financial system.	The purchasing system is still a relatively manual process. While most departments can submit purchase requisitions electronically, Purchasing Department staff must print out all purchase requisitions for the Chief Procurement Officer to sign, enter the purchase order information into Mapper, wait for Data Processing to print copies of the purchase orders, review the purchases orders, stamp signatures and mail out purchase orders.
Procurement or purchase cards are used.		The City does not have procurement cards.
Appropriate purchasing authority has been delegated to departments for small dollar purchases.	The Purchasing Department does monitor purchase requisitions to ensure that the procurement process follows State requirements (e.g. thresholds, etc.)	The Purchasing Department has not developed policies and procedures relating to purchasing authority. This is determined by department directors.
State contract bids and bids of other local governments are utilized routinely.	State contracts are periodically utilized.	Departments generally provide input on whether or not to use State bids rather than the Purchasing Department seeking these out.
The internet is utilized for the procurement of office supplies/standard consumables.		On line purchasing is often utilized for office supplies. However, internet purchasing is not a standard practice.
The number of approvals required for purchase requisitions and purchase orders is reasonable.		All purchase requisitions and orders are approved by the Department personnel (authority is determined by the department itself), the Chief Procurement Officer and the Auditor's Office, regardless of the dollar amount.
Professional buyers are Certified Procurement Officers.		The Purchasing Department does not have formally trained professional procurement personnel. The Department has plans to send two staff to classes in 2006.
Staff receive annual training.		The Department does not have an annual training program and / or requirement.

Performance Target	Strengths	Potential Improvements
The Purchasing Department provides training to user department staff.		The Purchasing Department does not provide end user training to its internal customers. At one point, the Department did provide training to its customers.
Professional procurement staff are responsible for conducting periodic reviews of the purchasing habits of departments to identify opportunities to maximize efficiencies and reduce costs.		The Purchasing Department does not conduct proactive analyses of purchasing activities to reduce the number of purchase requisitions and non-emergency purchase orders.
Proper internal controls have been implemented for the vendor database, such as limited access, change audits, etc.	The Purchasing Department has just purged the vendor database decreasing the database from 42,000 vendors to 11,000.	There are several opportunities for improvement with respect to the vendor database. Current issues include: <ul style="list-style-type: none"> • There are multiple individuals with the ability to make changes to the vendor database. • No one audits changes made to the vendor database.
The Purchasing Department has well defined policies and procedures, which are reviewed and updated annual.	The Purchasing Department has developed a manual, which outlines procurement laws.	There are opportunities to expand the Department's policies and procedures to include City process and requirements, etc.
Purchasing policies and procedures are available on the City's intranet.		Purchasing policies and procedures are not available on the City's intranet.

The next section summarizes the issues identified in the diagnostic assessment table, above.

2. A REVIEW OF THE DIAGNOSTIC ASSESSMENT REVEALS SEVERAL KEY ISSUES WITH RESPECT TO THE PURCHASING DEPARTMENT.

The Matrix Consulting Group reviewed the results of the diagnostic comparison. This section presents an overview of the key issues resulting from the “best practices

comparison.” The next chapter of the report analyses these issues and makes recommendations to address and resolve each issue.

(1) Departmental Processes Are Manual and Time-Intensive.

The City of Springfield does not have an integrated financial management system. As such, the Purchasing Department relies on the City’s current system, Mapper, as well as time-intensive, manual processes. The lack of an integrated financial management system has resulted in the following:

- **Manual processes** – A significant portion of personnel performs clerical work, focused on processing paperwork and transferring data from systems. The Department has an antiquated financial system that does not for automated procurement process, including: submittal and approval of purchase orders and requisitions, ability to monitor status of purchase orders and vendor payments, etc.
- **Limited analysis** – The focus of the Department has been on paper processing, driven in part to due the impact of the lack of automation. The Department has not focused on the analytical needs of the Department and its impact on the overall procurement process and needs of the City and its departments.
- **Management systems** – There are few management systems in place to address issues associated with these manual processes, either in terms of performance reporting or as a way to identify opportunities to streamline processes.

The lack of an integrated financial management system has impacted operations in the Purchasing Department. It should be noted that the City of Springfield has issued a request for proposals for an integrated financial management system, which would include an automated procurement module.

(2) Internal Controls Are Weak.

The Purchasing Department has not implemented strong internal controls to minimize the City’s exposure to risk of loss, mismanagement or theft resulting from the

procurement process. The points, which follow, provide a summary the issues relating to weak internal controls:

- **The Department processes a high volume of purchase orders.** The Purchasing Department processed approximately 24,000 purchase orders in FY 2004-05. The Purchasing Department has not developed a system to ensure that customer departments are not circumventing procurement laws (e.g., submitting multiple purchase orders which combined meet the requirement for more formal activities, such as informal quotations and / or competitive bidding).
- **Customer departments initiate the purchase order process after receipt of items.** The project team reviewed purchase orders. It appears that many customer departments often purchase and receive items before submitting a purchase requisition and receiving an approved purchase order.
- **Access to the vendor database is not restricted.** There are several employees in the Purchasing Department that have access and the ability to make changes in the vendor database.

There are several opportunities to improve the internal controls in the Purchasing Department.

(3) There Is Limited Purchasing Analysis Performed by the Department.

For the most part, customer departments drive the procurement process. Customer departments submit a purchase requisition and, depending on the estimated cost, the Purchasing Department determines the required process (e.g., informal quotations, competitive bidding, purchase order, etc.) Interviews with staff indicated that:

- Processes and support provided by the Purchasing Department to its customers varies depending on the knowledge of customer departments, as well as tasks the customer departments choose to perform themselves (e.g., collecting informal quotations, searching State contracts, etc.)
- Purchasing Department staff do not conduct periodic reviews and / or analyses of purchasing activities to determine:
 - Frequently used vendors and purchased goods;

- Opportunities to enhance purchasing power of the City (e.g., through consolidation of contracts and / or price agreements); and
- Ways to minimize workload and improve services (i.e., establishment of blanket purchase orders, etc.)

The Purchasing Department does not have formal processes in place to review and analyze procurement habits and needs of City departments to enhance the level of service provide to customer departments.

4. ANALYSIS OF THE PURCHASING DEPARTMENT

As part of the independent study of the Purchasing Department, the Matrix Consulting Group reviewed general operations, staffing, workload and services levels. This chapter presents staffing and operational recommendations developed as a result of the independent study.

1. THE PURCHASING DEPARTMENT SHOULD TAKE IMMEDIATE STEPS TO ENHANCE INTERNAL CONTROLS.

Internal controls help to provide assurance that assets are protected from theft, loss or mismanagement, and that reliable financial information is produced in a timely manner. Specific internal control objectives that help to achieve these broader goals include the following:

- Proper authorization of all transactions and activities to reduce the possibility that incorrect or fraudulent transactions or activities occur;
- Assigning different people the responsibilities of authorizing transactions, recording transactions, and maintained custody of assets to reduce the opportunity for any individual employee to both commit and conceal errors of theft of assets;
- Design and use of adequate documents and records to help ensure proper recording of transactions and events; and
- Adequate safeguards over access to and use of assets and records to reduce the possibility of theft of those assets and concealment of illegal activity.

Establishing effective internal control procedures help minimize potential problems such as theft, fraud and unintentional errors in the procurement process. An important aspect to ensuring internal controls are effectively utilized requires department management to monitor internal control procedures. Implementing internal control procedures is of little value in itself if there is not an effort to ensure that staff

comply with the control procedures. In order to ensure that employees adhere to control procedures, department managers or supervisors should regularly review policies, procedures and practices to ensure accountability.

The Matrix Consulting Group reviewed key practices in the Purchasing Department, including the purchase requisition submittal and approval, and issuance of purchase orders. A review of key practices in the department revealed several internal control weaknesses. The table, which follows, presents a summary of the key internal control issues.

Purpose	Practice	Key Issue
To provide department with pre-assigned purchase orders.	Issuance of block purchase orders to the departments each fiscal year results in: <ul style="list-style-type: none">• Departments' ability to provide vendors with purchase order numbers.• Vendors assume purchase has been authorized and is valid.• Departments make purchases and often receive items before they even initiate the purchase requisition process.	<ul style="list-style-type: none">• Purchases are made prior to approval.• Often, items are received prior to initiating the procurement process.• Potential personal risk and / or liability for person making and / or authorizing the purchase prior to City authorization.• Limited control by Purchasing to ensure that procurement laws are followed and that the City is maximizing its purchasing power (e.g., through analysis, identifying existing price agreements, contracts, etc.)
Purchase orders are utilized for planned and reoccurring purchases.	Purpose and use of one-time purchase orders is not well defined. This results in: <ul style="list-style-type: none">• Frequent use of purchase orders for planned expenses.• Use of purchase orders for low dollar amounts.• Use of purchase orders for frequently used vendors.	<ul style="list-style-type: none">• Process is manual and time intensive, making misuse and / or fraud harder to detect.• Purchases, which should be made on a blanket purchase order (such as price agreements, monthly fees, etc.), are not covered.• Volume of purchase orders impedes the City's ability to maximize its purchasing power by creating cross-departmental purchase agreements, etc.• Creates additional and unnecessary workload for Purchasing Department personnel.

Purpose	Practice	Key Issue
Departments have limited guidelines with respect to the City's procurement practices.	The Purchasing Department has developed a manual, which outlines procurement laws. This is available to departments.	<ul style="list-style-type: none"> • The Purchasing Department has decentralized responsibility for determining department procurement practices, including purchasing authority, establishment of blanket purchase orders, etc. • Practices vary widely among the customer departments. • Standards have not been developed for customer departments, which makes it harder for departments to be held accountable.
The vendor database is utilized to establish a record of legitimate and active vendors to enable the Audit Office to issue payments.	The Purchasing Department maintains the vendor database, adding approved new vendors, as well as changing any pertinent information.	<ul style="list-style-type: none"> • There are multiple personnel in the Purchasing Department that have the ability to make changes in the vendor database. • Change reports are not run to conduct periodic audits of all changes made in the vendor database. • Weak internal controls over the vendor database increase the City's exposure to risk of fraud (e.g., creation of fraudulent vendors, changing mailing address, etc.)

The sections, which follow, present a review of the key issues and resultant recommendations.

(1) The Chief Financial Officer Should Issue a Memorandum to All City Departments Which Establishes Rules Governing Procurement in the City of Springfield.

As discussed in the previous section, there are a number of internal control weaknesses in the current procurement process that exposes the City to the risk of misuse, mismanagement or fraud. The City of Springfield should take immediate steps to tighten internal controls to mitigate potential risks.

The Chief Financial Officer should, with the support of the Purchasing Department, issue a memorandum that specially establishes rules governing

procurement in the City of Springfield. This memorandum should include revised rules as described in the following sections.

(1.1) Notify All Department Directors That All Procurement Activities in the City Will Adhere to Chapter 30B and That They Will Be Held Accountable to Rules Established in M.G.L. Chapter 30B.

The Uniform Procurement Act, or Chapter 30B of the Massachusetts General Laws (M.G.L.), establishes rules and regulations for the procurement of goods and services for local jurisdictions. The Office of the Inspector General produces and updates the “Municipal, County, District, and Local Authority Procurement of Supplies, Services, and Real Property” manual. This manual presents general rules and procedures for municipal procurement. Specific requirements, procedures and limitations are to be established by the municipality, particularly as it relates to purchasing authority, approval and processes.

The Chief Financial Officer should clearly establish the City’s policy of adhering to Massachusetts General Law, Chapter 30B. Department directors should be provided a copy of the Inspector General’s manual, which outlines the legal requirements. A copy of this manual can be downloaded at the following link: <http://www.mass.gov/ig/publ/30bmanl.pdf>. This summarizes the legal requirements that all department directors should be knowledgeable. All department directors should be held accountable to ensuring their departments follow proper procurement proceeds. Department directors should be required to sign a statement, which acknowledges that they (a) have received and read a copy of “Municipal, County, District, and Local Authority Procurement of Supplies, Services and Real Property,” manual produced by the Office of the Inspector General; (b) fully understand the rules which govern

procurement; and (c) understand disciplinary actions will be a consequence of non-compliance to M.G.L. Chapter 30B requirements.

Recommendation: The Chief Financial Officer should clearly establish the City's policy of adhering to Massachusetts General Law, Chapter 30B. Department directors should be held accountable to ensuring their departments adherence to Chapter 30B.

(1.2) Ensure That the Chief Procurement Officer Enforces All Procurement Laws for the City.

The City of Springfield should make it clear to all City departments that the Chief Procurement Officer and / or his or her designee have the authority to review, evaluate and deny any requested purchase should it not comply with Massachusetts General Law Chapter 30B or with any established City policy or procedure. This should be documented in the memorandum to all department directors. The Chief Procurement Officer should be responsible for issuing a denial, in writing, to the appropriate department director, which includes the reason for denial, supporting documents (e.g., relevant laws, City policies, etc.), outlines the appeal process, and presents consequences for noncompliance to laws and policies.

Recommendation: Authority to enforce the procurement laws of the City should be clearly delegated to the Chief Procurement Officer.

(1.3) Revise Current Practices to Enhance Internal Controls.

The Matrix Consulting Group reviewed current procurement practices in the City of Springfield and identified several internal control weaknesses. The points, which follow, present recommended changes in current practices to reduce the City's exposure to potential mismanagement, loss, and / or fraud.

- **Eliminate the use of all pre-assigned purchase order numbers provided to departments at the beginning of the fiscal year.** At the beginning of each fiscal year, the Purchasing Department provides most customer departments

with a block of pre-assigned purchase order numbers. Departments provide these purchase order numbers to vendors when they would like to make a purchase. Vendors assume that the purchase has been authorized and will be paid.

- **Internal Control Weakness:** By providing departments with pre-assigned purchase order numbers, departments can make purchases prior to initiating and completing the appropriate steps (e.g., supervisory approval and approval by Purchasing and Audit). This creates an issue with respect to ensuring proper procurement rules are followed.
 - **Internal Control Improvement:** Eliminate the distribution of pre-assigned purchase orders. Purchase orders should only be issued to departments once a purchase requisition has gone through the appropriate approval process.
- **Discontinue the practice of approving confirmation only purchase requisitions.** Departments are able to provide vendors with purchase order numbers (as a result of departments receiving a block of purchase order numbers each year). Vendors accept purchase order numbers, assuming that a purchase order number means that the purchase has been authorized and will be paid.
 - **Internal Control Weakness:** Purchases are being made prior to the approval process (e.g., verification of authority to make purchase, confirmation of availability funds, and adherence to procurement rules, etc.)
 - **Internal Control Improvement:** Prohibit the purchase of goods prior to the issuance of a purchase order. Ensure that the City has a clear disciplinary plan for departments that continue this practice.
- **Eliminate the use of purchase orders for reoccurring purchases.** The project team sampled over three hundred purchase orders. A review of the sample taken by the project team showed that departments utilize purchase orders for frequently occurring payments (e.g., monthly photocopy machine maintenance, security fees, etc.), as well as frequently utilized vendors (e.g., vendors for office supplies, car and truck parts, school supplies, etc.).
 - **Internal Control Weakness:** In addition to significantly increasing workload for the Purchasing Department, the high volume of purchase orders exposes the City to risk associated with misuse and / or potential fraud by increasing the difficulty of detecting payments that do not adhere to procurement laws (e.g., multiple payments to the same vendor for an item / purchase that exceeds the \$5,000 limitation, etc.).

- **Internal Control Improvement:** Eliminate the use of purchase orders for reoccurring purchase. Require all departments to establish blank purchase orders with vendors from which they make frequent and / or on-going purchases.

The City of Springfield should ensure that there are proper internal controls in place to minimize the City's exposure to inappropriate procurement practices. The Purchasing Department should be responsible for ensuring that all procurement policies, procedures and practices in the City reduce the risk of mismanagement, loss, and / or fraud.

Recommendation: The Purchasing Department should revise current practices to enhance internal controls and minimize the City's exposure to risk of loss, fraud and / or mismanagement.

(2) The Purchasing Department Should Enhance Internal Controls Over the Vendor Database.

The Purchasing Department is responsible for managing the vendor database. The vendor database contains all information necessary for the Audit Office to issue payments. There are several issues associated with the current management of the vendor database, including:

- **There are multiple staff who have the ability to make changes in the vendor database,** including creating new vendors, as well as changing existing information, such as remittance addresses, vendor names, etc.
 - **Internal Control Issue:** Multiple users with the ability to add or make changes in the vendor database limits accountability and increase potential risk for the City.
 - **Internal Control Improvement:** The Purchasing Department should restrict user access to the vendor database to two personnel: the Purchasing Technician who is currently responsible for making changes in the vendor database and a back up staff person.

Additionally, the Department should work with the Management Information Systems Department (MIS) to develop a monthly change audit report that presents all changes which were made to the vendor database,

as well as a provide an audit trail which shows the staff person who made the change. This report should be monitored and reviewed by a member of the Department's management team that does not have the ability to make changes in the vendor database.

- **Purchasing Department has not regularly purged its vendor database.** It should be noted that this has been recognized internally as an important issue to be addressed by the Department. During this study, the Purchasing Department with the technical assistance of the MIS Department purged 74% of vendors reducing the database from 42,000 to 11,000 vendors. This process needs to be consistent and regularly applied.
 - **Internal Control Issue:** The vendor database is not systematically reviewed and purged on a regular basis. Because this is the database which establishes vendor eligibility and, in effect, allows the Audit Office to issue payments, this database should be tightly monitored to ensure only recently used and active vendors are in the system to limit the potential for fraud (e.g., issue payments to a non-existent vendor, or issue a payment to previously legitimate vendor but have been mailed to a fraudulent address, etc.).
 - **Internal Control Improvement:** The Purchasing Department should develop a policy and procedure for purging the vendor database. This should include responsibility for reviewing the database, criteria for purging vendors, frequency of purges and responsibility for implementing the program.

Recommendation: The Purchasing Department should enhance internal controls over the vendor database, including restricting ability of staff to make changes in the database, as well as developing a purging program.

2. WHILE THE PURCHASING DEPARTMENT HAS CREATED A MANUAL WHICH EXPLAINS MASSACHUSETTS' PROCUREMENT LAWS, THE DEPARTMENT HAS NOT CREATED A POLICIES AND PROCEDURES MANUAL FOR CUSTOMER DEPARTMENTS.

As part of the independent audit of the Purchasing Department, the Matrix Consulting Group reviewed the Department's procurement manual. The sections, which follow, present the opportunities for improvement with respect to enhancing the information the Department provides to its customers.

(1) The Purchasing Department's Manual Clearly Presents Massachusetts Procurement Laws.

The Matrix Consulting Group reviewed the Purchasing Department's manual.

The points, which follow, provide a summary of the key points.

- The Purchasing Manual clearly presents the purchasing goals of the City's Purchasing Department, including:
 - To procure materials, supplies, equipment, and services at the lowest possible cost consistent with the quality necessary for the proper operation of the various departments, thereby attaining the maximum value for each public dollar spent;
 - To maintain the City's reputation for fairness and integrity to promote impartial and equal treatment to all who wish to conduct business with the City;
 - To encourage a mutually cooperative relationship with requesting departments recognizing that successful purchasing is a result of team planning and effort; and
 - To promote social and economic goals such as encouraging small, minority and women owned businesses to participate in bidding of City purchases.
- The Purchasing Manual presents information and requirements established by Massachusetts' General Law Chapter 30B, including threshold requirements and related processes, as well as descriptions of key elements of the various procurement processes (e.g., purchase requisitions, informal quotations and competitive bidding).
- The Purchasing Manual includes a brief discussion about relevant ethical issues, including ensuring the highest ethical standards with respect to vendors and procurement.
- The Purchasing Department has outlined key information required to successfully process purchase requisition, including data that must be provided by the customer department.

While the Purchasing Manual provides departments with Massachusetts' General Law Chapter 30B, there are several improvement opportunities, which are presented in the sections which follow.

(2) The Purchasing Department Should Develop a Policy and Procedures Manual for Its Customers That Specifically Outlines Standard Practices in the City of Springfield.

The City of Springfield has developed a purchasing manual that presents the rules and regulations governing procurement, as well as briefly describes key procurement activities. However, there is additional information which should be provided in the purchasing manual. The points, which follow, present a discussion of the key element that should be included in an expanded purchasing manual, as well as any impact the expanded manual would have on the Department's operations.

Issue	Improvement Opportunity	Operational Changes Required
Roles of the Purchasing Department have not been clearly defined and depend, in large part, on the knowledge and ability of staff in the customer departments.	<p>The Purchasing Department should clearly define its roles and responsibilities in the manual. This key improvement will:</p> <ul style="list-style-type: none"> • Level of support and service provided to customer departments. • Ensure consistency in the way in which procurement is performed in the City. • More effectively utilize the knowledge and skills required for procurement. • Provide an established standard and level of service to which customers can hold the Purchasing Department accountable. 	<p>The Purchasing Department should be responsible for the following:</p> <ul style="list-style-type: none"> • Processing all purchase requisitions and distributing approved purchase orders. • Reviewing all purchase requisitions to ensure they are in compliance with Chapter 30B, as well as City policies. • Providing departments with technical and analytical support, including analyses of purchases. • Leading the competitive bidding process for departments, including development and compilation of RFP's, reviewing and editing specifications prepared by departments, ensuring standardized RFP's / invitations to bid (ITBs), etc.
Customer departments should be held accountable for their role in procurement.	<p>The purchasing manual should clearly outline the roles and responsibilities of customer departments in procurement. This improvement will:</p> <ul style="list-style-type: none"> • Facilitate the purchasing process by ensuring all involved parties know what role they play and related expectations. • Provide a method of accountability to which departments must held. 	<p>Customer department must be made aware of their role in the procurement process. This should include:</p> <ul style="list-style-type: none"> • Training for key employees that are responsible for their department's purchasing needs. This training should be provided by department personnel. • Customer departments should be responsible for developing specifications for RFPs / ITBs.

Purpose	Practice	Key Issue
Purchasing practices vary in operating departments.	<p>The Purchasing Department should standardize key elements of procurement in the customer departments. This improvement will:</p> <ul style="list-style-type: none"> • Enhance coordination between the Purchasing Department and its customers. • Facilitate more efficient processing and reduce duplicative efforts (e.g., by recreating processes, etc.). • Increase the capability of the Purchasing Department to track deviations from standard practices and to prevent misuse, mismanagement or fraud. 	<p>The Purchasing Department must develop written standards of operations on which customer departments will be trained, including:</p> <ul style="list-style-type: none"> • Responsibilities of departments (e.g., completion of purchase requisition, requests for blanket purchase orders, completion of specifications, knowledge and compliance of procurement laws, etc.) • Appropriate use and misuse of the purchasing system (e.g., blank purchase orders, etc.) • Disciplinary actions for noncompliance.
The Purchasing Department does not have standard templates for some key documents for use by Purchasing and its customer departments.	<p>The Purchasing Department should develop templates of key documents. This improvement will:</p> <ul style="list-style-type: none"> • Ensure consistency of format, quality of information, level of detail, etc. • Minimize duplicative efforts by 'recreating' the documents and create a library of high quality and accepted documents. • Provide customer departments with a resource of information regarding the procurement process. 	<p>The Purchasing Department should develop a library of templates of key documents. This should include:</p> <ul style="list-style-type: none"> • Purchase requisition forms • Request for proposals • Invitations to Bid • Standard supplemental documents, such as insurance requirements, contract, MBE/WBE acknowledgement forms, etc. <p>Documents should be made available electronically through the Purchasing Department's website.</p>

Recommendation: The Purchasing Department should expand its manual to incorporate well-defined roles and responsibilities of Purchasing and customer departments, as well as provide specific information on the rules and regulations to which staff in the customer departments will be held accountable.

(3) The Purchasing Department Should Provide Training to Its Customers.

The Purchasing Department does not provide initial or ongoing training to customer departments on the procurement laws and processes followed in the City of Springfield. The lack of training of customer departments potentially creates varying:

- Levels of knowledge and skills in the user departments;
- Interpretations of laws, policies and procedures;

- Impact on the customer departments, depending on staff skills;
- Types of assistance and support provided by the Purchasing Department; and
- Efficiencies and maximization of the departments dollars.

At one point, the Purchasing Department provided training to its customer departments. Training was primarily provided to key personnel in each department who were responsible for purchasing activities. This training was discontinued as a result of high citywide turnover.

The Purchasing Department should reinstitute its training program. Sample topics that should be covered as part of this training program include:

- Introduction to Massachusetts' General Law Chapter 30B
- Ethics and Code of Conduct policy and legal requirements
- Key processes, including when and how to use:
 - Purchase Requisitions
 - Blanket Purchase Orders
 - Contracts
 - Price Agreements
- Important department procurement skills, such as:
 - How to Buy Off of Existing State Contracts
 - How to Utilize Existing City Price Agreements
 - How to Develop Good Specifications for Formal Bids
- How to Report Non-Compliance to City Policies and Procedures and M.G.L. Chapter 30B
- Where to Access Additional Information and Key Purchasing Department Contacts

The Purchasing Department should reinstitute its training program of customer departments. All staff performing procurement activities on behalf of their department should be required to attend the training provided by the Purchasing Department. The goals of this training program should focus on: (a) ensuring that procurement processes are performed by knowledgeable staff; (b) holding departments and staff accountable to established laws, policies and procedures; and (c) ensuring proficiency and professionalism in departments with respect to procurement.

Recommendation: The Purchasing Department should reinstitute its training program of customer departments. All staff performing procurement activities on behalf of their department should be required to attend the training.

(4) Purchasing Should Post the Department's Revised Policy and Procedures Manual on the Department's Website for Customers to Access.

The Purchasing Department should expand the information provided to its customers over the Internet. The following information is provided on the City of Springfield's website with respect to the Purchasing Department:

The Purchasing Department buys any goods or services, including real estate and construction, required by any city department. State law dictates advertising, purchasing, bidding, and contracting procedures. The department disposes of surplus or obsolete goods or equipment through public sales. The chief procurement officer is appointed by the mayor and heads the department.

Anyone wishing to review bids submitted for a particular good or service may do so by visiting the department during business hours.

Purchasing Department,
233 Allen Street, Springfield, Massachusetts 01118,
8:15 a.m.- 4:30 p.m., Monday – Friday
Phone: (413) 787-6284

The Purchasing Department should improve its customers' access to relevant information that will facilitate the procurement process. The Purchasing Department should provide the following information on its website for customer departments:

- Downloadable version of the Purchasing Department's Policy and Procedures Manual;
- Copies of templates for request for proposals and invitations to bid;
- Examples of well-written specifications;
- Non-compliance reporting process, including how to report to the Purchasing Department, as well as the Office of the Inspector General;
- Links to key resources, including M.G.L. Chapter 30B, as well as COMM-PASS, the State's on-line procurement system which includes all State contracts;
- Schedule of Purchasing Department training sessions; and
- Existing price agreements.

The Purchasing Department should provide greater information to its customers on its website, including a posting of the Department's policies and procedures manual. The goal should be to provide the customer departments with readily available and accessible information to ensure they are knowledgeable about their responsibilities during the procurement process, as well as methods to best harness the resources and services provided by the Purchasing Department.

Recommendation: The Purchasing Department should provide greater information to its customers on its website, including posting the Department's policies and procedures manual.

3. THE PURCHASING DEPARTMENT SHOULD IMPROVE THE LEVEL OF SERVICE IT PROVIDES TO ITS CUSTOMERS.

There are several other opportunities for the Purchasing Department to improve the level and type of support the Department provides to its customers. The points, below, summarize the support the Department currently provides to its customers:

- The Department processes all purchase requisitions, as well as distributes approved purchase orders.

- The Department provides technical assistance, as needed. This includes research and development of requests for proposals, etc.
- The Department works with vendors and customer departments to ensure that its customers receive the highest quality goods for the lowest price. This includes bidding for goods and / or services that multiple departments can utilize.
- The Department has developed a manual, which presents departments with a summary of legal requirements, as well as key procedures to be utilized for procurement.

While the Purchasing Department has taken steps to address the needs of its customers, there are additional opportunities to enhance the level of support and assistance provided to the Purchasing Department's customers. The points, which follow, present recommended improvements.

- **Conduct periodic analyses of department purchases.** The Purchasing Department should conduct periodic analyses of department purchases to:
 - Ensure that the Department is in compliance with City policies and procedures (e.g., blanket purchase orders are established, not exceeding spending thresholds with vendors, etc.)
 - Determine if there are opportunities to jointly bid items with other departments (e.g., automotive parts, hardware / maintenance supplies).
 - Identify opportunities for departments to piggyback on existing price agreements.
 - Monitor the use of price agreements to ensure their necessity.
- **Evaluate vendors.** The Purchasing Department does not monitor vendor performance. The Purchasing Department should ensure that customer departments receive the highest quality good for the lowest price, as well as good service from the vendor. The Department should monitor vendor performance by collecting input from customer departments on vendors, particularly new vendors with which the City has established a contract and / or price agreement. This survey should include quality and timeliness of goods or services provided, adherence to terms of agreement, quality of items compared to costs, responsiveness of vendor to customer, etc.

The Purchasing Department should continue to enhance the level of support and services it provides to its customers. The Purchasing Department should expand its efforts to provide departments with data and analyses to maximize their dollars, training to enhance their understanding of the processes and requirements, and monitor vendors to ensure departments are receiving appropriate level of quality and service.

Professional procurement staff, particularly the Deputy Purchasing Agent and the Assistant Purchasing Agent, should be responsible for providing the increased services and analytical support. The impact on staff resources is discussed in section 5.4.3.3.

Recommendation: The Purchasing Department should continue to enhance the level of support it provides to its customers.

4. THE PURCHASING DEPARTMENT SHOULD ENHANCE THE SKILL LEVEL OF ITS STAFF.

The Matrix Consulting Group reviewed the training and skill requirements for staff in the Purchasing Department. The table, which follows, provides a summary of this information for key classifications.

Classification	Desirable Experience	Education	Certifications and Training
Chief Procurement Officer	5 years	Bachelor's Degree	None
Deputy Purchasing Agent	Thorough experience as a buyer or equivalent function	Bachelor's Degree	None
Assistant Purchasing Agent	Considerable experience as a buyer or equivalent	Bachelor's Degree	None
Contract Compliance Officer	Responsible experience in field	Bachelor's Degree or equivalent combination of experience and training	None
Buyer	Considerable experience	High School Diploma	None
Purchasing Technician / Assistant Buyer	Considerable experience as more responsible clerical	High School Diploma	None
Senior Account Clerk	Considerable experience as more responsible clerical	High School Diploma	None
Principal Clerk Typist	Thorough experience in responsible clerical work	High School Diploma	None
Administrative Assistant	Extensive experience in departmental clerical work	High School Diploma	None
Secretary	Thorough experience in secretarial work	High School Diploma	None

The points, which follow, provide a discussion of the Purchasing Department's requirements for personnel, including education, experience and training.

- Positions in the Purchasing Department do not have requirements with respect to ongoing annual training, professional development and certifications.
- Moreover, professional positions are not required to be certified purchasing officers.
- Educational requirements for managerial positions are appropriate (e.g., bachelor's degrees).
- Interviews with staff indicate that the Department has not established a formal training plan for staff to ensure skills are kept up-to-date.

The Purchasing Department has not established training and / or required professional certifications for key classifications in the Department.

Certification and professional development programs provide an important tool for validating the professional competency of staff. It provides a tool for managers to ensure that staff knowledge and skills meet national industry standards. Massachusetts' Office of Inspector General has developed a certification program for public procurement professionals. This program, the Massachusetts Certified Public Purchasing Official Program (MCPPO) seeks to provide public purchasing officials with the skills and tools necessary. The purpose of this the MCPPO program is to:

- Promote cost effective, ethical and modern purchasing practices;
- Facilitate communication and exchange of ideas and best practices amongst procurement professionals; and
- Ensure compliance with Massachusetts' procurement laws.

The Massachusetts Certified Public Purchasing Officials Program offers three three-day seminars. The seminars include the following:

- Public Contracting Overview.
- Supplies and Services Contracting
- Design and Construction Contracting
- Advance Topics Updates
- Construction Management at Risk Under M.G.L. c. 149A: Legal Requirements.
- Drafting a Model IFB
- Bidding Basics 101
- Bidding Basics and Contract Administration

The cost of seminars range from \$60 to \$600 for government employees. It should be noted that staff in the Purchasing Department, including the Chief Procurement Officer, have completed the Public Contracting Overview seminar, which is a three day seminar covering key aspects of public contracting.

The table, on the page which follows, presents the requirements for each MCPPO designation.

Designation	Education	Experience
MCCPO	High school diploma or equivalent, and successful completion of the Public Contracting Overview, Supplies and Services Contracting, and Design and Construction Seminars, OR	Five years public procurement, including two years management or supervisory experience in Massachusetts
	Bachelor's degree and successful completion of the Public Contracting Overview, Supplies and Services Contracting, and Design and Construction Seminars, OR	Four years public procurement, including two years management or supervisory experience in Massachusetts
	Bachelor's degree, qualifying graduate degree in a related field, and successful completion of the Public Contracting Overview, Supplies and Services Contracting, and Design and Construction Seminars.	Three years public procurement, including two years management or supervisory experience in Massachusetts

Designation	Education	Experience
MCPPO for Supplies and Services	High school diploma or equivalent and successful completion the Public Contracting Overview, Supplies and Services Contracting, and Design and Construction Seminars. Same criteria for education substitutes as listed for the MCPPO designation.	Same as for MCPPO designation
MCPPO for Design and Construction	High school diploma or equivalent and successful completion the Public Contracting Overview, Supplies and Services Contracting, and Design and Construction Seminars. Same criteria for education substitutes as listed for the MCPPO designation.	Same as for MCPPO designation
Associate Levels for all Designations	High school diploma or equivalent and successful completion the Public Contracting Overview, Supplies and Services Contracting, and Design and Construction Seminars. Same criteria for education substitutes as listed for the MCPPO designation.	Same as for MCPPO designation

To maintain these designations, personnel must complete the recertification process every three years. This includes completion of twenty-five continuing education points and at least one of the following seminars: Supplies and Services Contracting, Design Constructing Contracting or Advanced Topics Updates. Courses and professional development seminars from other professional organizations can count towards continuing education questions.

The City of Springfield should ensure that personnel in the Purchasing Department receive the necessary certification and professional development to ensure that staff have the skills, knowledge and resources to provide the highest level of service to the City. The table, which follows, presents the recommendation of necessary training and certification for Purchasing Department personnel.

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Position	Designations or Specific Courses
Chief Procurement Officer	Massachusetts Certified Public Purchasing Officer (MCPPO)
Deputy Purchasing Agent	MCPPO
Assistant Purchasing Agent	MCPPO
Buyer	MCPPO for Supplies and Services
Purchasing Tech. / Assistant Buyer	MCPPO for Supplies and Services
Senior Account Clerk	Bidding Basics 101
Principal Clerk Typist	Bidding Basics 101
Administrative Assistant	Bidding Basics 101
Secretary	Bidding Basics 101

It should be noted that the Bidding Basics 101 course is provided by the Massachusetts' Office of the Inspector General (OIG). The OIG will provide the course at the City of Springfield provided that there is a minimum of twenty attendees for \$150 for the two-hour seminar and \$250 for the three-hour seminar. Because of this required minimum, the City of Springfield should use this opportunity to provide training to all its department directors and their key procurement staff, as well as all Purchasing Department personnel.

Recommendation: The skill level of personnel in the Purchasing Department should be enhanced through formal purchasing training, including attainment of MCPPO designations for specific classifications. The costs of these continuing education efforts, offered through the Commonwealth, are minimal.

5. THE PURCHASING DEPARTMENT SHOULD STREAMLINE PROCESSES AND REDUCE STAFFING.

The Matrix Consulting Group reviewed the key work processes in the Purchasing Department, as well as policies and practices impacting the workflow and workload of the Department. The sections, which follow, provide a discussion of the opportunities for improvement.

(1) The Matrix Consulting Group Reviewed Work Processes in the Purchasing Department.

The Purchasing Department is responsible for the management and oversight of the public procurement process and activities for the City of Springfield, including:

- Receipt, approval and processing of all purchase orders;
- Monitoring of all procurement requests to ensure compliance with applicable laws and regulations;
- Manage and direct all competitive procurement activities; and
- Establish contracts and price agreements.

The table, which follows, presents a summary of key processes.

Key Process	Summary of Steps	Issues
Purchasing Requisition	<ul style="list-style-type: none"> • Departments complete a purchase requisition form. Purchase requisitions are either completed in Mapper utilizing a RID or submitted via interoffice mail. • Purchasing Department personnel receive the purchase requisitions which are given to the Chief Procurement Officer for approval. • The CPO reviews and signs each purchase requisition to ensure that it meets procurement rules, etc. Depending on the dollar amount, the purchase requisitions are either returned to staff to process an approved purchase order, rejected and returned to the department, or given to staff to initiate the competitive bidding process. 	<ul style="list-style-type: none"> • Purchase requisitions/ orders are utilized for on-going, planned purchases. • Purchase requisitions / orders are issued for the majority of purchases, regardless of dollar amounts. • The CPO reviews and approves all purchase requisitions.
Purchasing Order Issuance	<ul style="list-style-type: none"> • Once purchase requisitions are approved by the CPO, purchase requisition data are entered into Mapper to generate the purchase orders. • MIS prints purchase orders daily. Five copies are printed: vendor receives one copy and the Purchasing Department and department requesting the purchase order each receive two copies. • Staff review purchase orders to ensure information is accurate. • Stamps each purchase order. • Bring PO's to the Auditor's Office, where they are reviewed and approved. 	<ul style="list-style-type: none"> • MIS is in the middle of the purchase order process. • Multiple copies of the purchase order are printed. Departments are able to view POs through the Mapper system.

Key Process	Summary of Steps	Issues
Contracts and Price Agreements	<ul style="list-style-type: none">• Department initiates the process through a request to the Purchasing Department.• The CPO reviews request and assigns it to the Deputy Purchasing Officer, Assistant Buyer, and / or Buyers.• The competitive bidding process is initiated. Department are contacted for specifications and / or RFP is completed by the department.• Once finalized, the bid package is released and distributed to vendors, advertised on COMM-PASS, etc.• Receipt and review of bids.• Staff conduct bid analysis and submit recommendation to departments who also review bids.• Vendor is selected. Purchasing Department routes the contract or price agreement for appropriate signatures.	<ul style="list-style-type: none">• There might be multiple contracts and / or price agreements with the same vendor or for the same type of goods. This creates duplicative work for Purchasing, as well as other departments and does not allow the City to leverage its purchasing power.• Level of support provided varies depending on the capabilities of customer departments.

The next section provides a summary of the project team's review of workload in the Purchasing Department.

(2) The Project Team Sampled Purchase Orders and Analyzed the Data.

The Matrix Consulting Group sampled purchase orders issued by the Purchasing Department to its customer departments. The Matrix Consulting Group randomly sampled purchase orders submitted by departments. The following information was collected from each purchase order:

- Date;
- Department requesting purchase order;
- Purchase requisition number
- Purchase order number
- Vendor;
- Type of purchase;
- Dollar amount of purchase; and

- Confirmation purchase requisition (i.e., if the department has already ordered and / or received the item).

The table, below, presents the distribution of the sample.

Department	Total Number of POs in Sample	% of Total Purchase Orders	Total Dollar Amount of Sample	% of Total Dollars
Assessor	22	6%	\$15,161	3%
Clerk	16	5%	\$1,829	0%
Code	13	4%	\$7,303	1%
DPW	57	16%	\$129,985	21%
Health	30	9%	\$16,965	3%
MIS	16	5%	\$23,324	4%
Parks	48	14%	\$24,775	4%
Personnel	20	6%	\$4,102	1%
Police	27	8%	\$33,960	6%
Schools	97	28%	\$348,902	58%
Total	346	100%	\$606,307	100%

The points, which follow, provide a summary of the information presented in the table.

- The project team sampled 346 purchase orders. Based on an assumption of approximately 24,000 purchase orders in fiscal year 2004 – 2005, this represents approximately 1.4% of total annual purchase orders.
- The School, Public Works, and Parks departments represented 58% of the sample in terms of number of purchase orders and 83% of the total dollar value of purchase orders.
- The average dollar value per purchase was \$1,752, as shown in the table, which follows.

Department	Average Dollar Value per PO
Assessor	\$689.14
Clerk	\$114.31
Code	\$561.77
DPW	\$2,280.44
Health	\$565.50
MIS	\$1,457.75
Parks	\$516.15
Personnel	\$205.10
Police	\$1,257.78
Schools	\$3,596.93
Average	\$1,752.33

- Approximately 87% of the sample of purchase orders (requisition) were 'confirmation only,' meaning that the department had already submitted and / or received the items only. The 'confirmation only' purchase requisition is to initiate the purchase order process to enable the vendor to be paid.
- There were numerous examples of multiple purchases made to the same vendor:
 - Assessor's Department submitted four POs for WB Mason (one PO per month for four months).
 - The Clerk's Office submitted seven POs for Xerox services and supplies. This included four POs in one month.
 - DPW submitted two POs in one month for WB Mason and four POs (three of which were in one month) to Springfield Mack. Inc.
 - The MIS Department submitted six POs (four of which were in one month) to Whalley Computer Associates.
 - The Parks Department submitted six POs in three months to Rocky's Hardware, Inc. Three of which were submitted in one month.
 - The Personnel Department submitted nine POs in three months (four were in one month) for WB Mason supplies. The Personnel Department requested four POs for Ouimette Henry Printer in three months.
 - The Police Department submitted five POs for auto parts in two months.
- The Purchasing Department processes a significant number of low dollar purchase orders. The table, below, presents a distribution of the purchase order sample by dollar amount. In the sample, 76% of purchase orders were issued for expenditures under \$1,000 (63% consisted of purchase orders under \$500).

Department	Under \$1,000	\$1,000 to \$2,000	\$2,000 - \$5,000	\$5,000 - \$10,000	Over \$10,000	Total
Assessor	20	1	0	0	1	22
Clerk	16	0	0	0	0	16
Code	11	1	0	1	0	13
DPW	40	4	4	5	4	57
Health	26	2	2	0	0	30
MIS	10	2	3	1	0	16
Parks	42	3	3	0	0	48
Personnel	20	0	0	0	0	20
Police	18	5	3	0	1	27
Schools	59	14	16	3	5	97
Total	262	32	31	10	11	346
% of Total	76%	9%	9%	3%	3%	100%

The section, which follows, provides a summary of the opportunities for improvement with respect to the key processes in Purchasing.

(3) The Purchasing Department Should Implement a Series of Improvements to Reduce Duplicative and Unnecessary Work Processes, Enhance the Key Departmental Programs and Improve Staff Utilization and Productivity.

The Matrix Consulting Group reviewed the Purchasing Department's current workload, processes and staffing. The table, which follows, presents a summary of the opportunities to improve the level of service provided by the Purchasing Department by streamlining processes and reducing duplicative work.

Issue	Current Practice	Improvement Opportunity	Benefit
Use of purchase orders	<ul style="list-style-type: none">• Purchase orders are used for a variety of purchasing, including repetitive, low dollar purchases.• Purchase orders are used for confirmation only, meaning items have often been ordered and received prior to the approval and issuance of a purchase order.	<ul style="list-style-type: none">• Increase use of blanket purchase orders.• Eliminate use of confirmation only purchase orders.• Increase planning of Departments with respect to procurement needs and budgetary impacts.• Strengthen internal controls over procurement.	<ul style="list-style-type: none">• Reduction in paper processing.• Quicker procurement turnaround for customer departments (i.e., can purchase and receive goods without the three to five day delay resulting from the purchase requisition and purchase order process)• Enhanced internal controls and monitoring.• Improved tracking of costs by department and vendors.
Expand use of multi-departmental price agreements.	<ul style="list-style-type: none">• Departments initiate price agreement needs.• Price agreements are competitively bid and resulting in an agreed upon per unit price for an unknown quantity.• The Purchasing Department has established price agreements for different vendors for the same goods or multiple price agreements with the same vendor.	<ul style="list-style-type: none">• Blanket purchase orders should be used for price agreements.• Consolidation of price agreements for specific vendors or types of goods.	<ul style="list-style-type: none">• Reduction in paper processing for customer departments, as well as Purchasing Department.• Reduction in time associated in processing price agreements, including bidding and selection process, as well as approval process.• Enhanced purchasing power for the City.

Through this review, the project team identified several opportunities for improvement, which are provided the sections, which follow.

(3.1) The Purchasing Department Should Implement a Controlled System of Blanket Purchase Orders for Departments That Frequently Use Specific Vendors for Products and Services to Reduce Unnecessary Paperwork.

The Purchasing Department has not established a policy and a practice for the use of blanket purchase orders. As discussed in previous sections of this report, purchase orders are designed to be utilized by departments for non-planned and/or irregular expenditures. Blanket purchase orders are used to increase the efficiency and productivity in the purchase of small dollar, repetitive items by City departments.

Blanket purchase orders improve the purchasing process by:

- Reducing the quantity of paperwork required for the acquisition of small dollar value goods and services purchased on a repetitive bases; and
- Decentralizing the act of ordering materials on a day-to-day basis, while maintaining centralized control over the selection of vendors and the establishment of prices, terms, and other conditions.

When repeated purchases of the same type of commodity item or services are anticipated, multiple purchase requisitions can be eliminated by submitting one purchase requisition to establish a blanket purchase order. Blanket purchase orders should also be utilized for contracts or price agreements that have been competitively bid and awarded.

By establishing policies and procedures for the use of blanket purchase orders, Purchasing can reduce the Department's workload, as well improve customer service for the departments by increasing their ability to purchase items when needed.

The project team developed an analysis of the estimated impact of increasing the use of blanket purchase orders on staff time. This analysis is presented in the points, which follow:

- There are multiple vendors providing similar types of goods and services. For example, the sample included:
 - Eight vendors providing maintenance supplies (e.g., hardware stores);
 - Fourteen vendors providing automotive parts and seven providing automotive services;
 - Five vendors from which office supply items were purchased; and
 - Over thirty vendors from which educational material and supplies were purchased.

While the goods and / or services provided by each vendor might be unique and necessary, a brief review of the sample indicated that there might be future opportunities to maximize the City's purchasing power by consolidating vendors for specific goods and services utilized by multiple departments.

Vendors should be consolidated. Departments would have fewer blanket purchase orders with vendors (i.e., higher dollar amounts with fewer vendors). This would further reduce the workload in the Purchasing Department.

- Low dollar purchases under \$1,000 accounted for 76% of purchase requisitions in the sample.

The use of blanket purchase orders should be increased for low dollar, repetitive purchases. The experience of other local governments which have made this transition indicates that at least 50% of purchase requisitions could be eliminated and placed on blanket purchase orders. This would mean an annual average of approximately 12,000 purchase orders.

- The amount of paperwork to be processed by the Purchasing Department would be significantly reduced through the establishment of blanket purchase orders. As a result, the impact of purchase requisition and ordering on staff time would be significantly reduced.

Through the use of blanket purchase orders, the volume of paperwork processed by the Purchasing Department would be significantly reduced.

Based on observations and input from staff, the project team developed assumptions relating to processing time of purchase orders, including:

- Approximately 80% of purchase requisitions would require an average of no more than six minutes from receipt of purchase requisition to issuance of purchase orders. This assumes that there are some economies of scale resulting from the batching of tasks, such as data entry, signature stamping, mailing, etc.
- It is assumed that some purchase requisitions would require additional work (e.g., incomplete information, etc.) The project team assumed that 20% of purchase orders would require an average of twelve minutes to process (e.g., research missing data, contact departments, etc.).
- There would be additional work associated with establishing specific new blanket purchase orders and spot auditing them.

The table, which follows, presents a summary of the estimated time requirements relating to the processing of purchase orders.

Item	Fiscal Year 2004 - 2005	Estimate After Reduction in Purchase Orders
Number of Purchase Orders	24,000	12,000
80% at 6 minutes each	115,200	57,600
20% at 12 minutes each	57,600	28,800
Total Minutes	172,800	86,400
Staff Time (Hours) Required	2,880	1,440
Annual Hours (@37.5 Hours per Week)	1,950	1,950
Net Availability	80%	80%
Net Annual Hours	1,560	1,560
Total FTE Required	1.8	0.9

As the table shows, a reduction in the number of purchase orders would clearly reduce the amount of staff hours required to process the purchase orders. The Purchasing Department would be able to eliminate one principal clerk typist position once the Purchasing Department develops and implements a policy on the use of blanket purchase orders.

Recommendation: The Purchasing Department should eliminate one Principal Clerk Typist position once it develops and implements a policy on the use of

blanket purchase orders. This represents a net savings of \$37,441 assuming the current salary of \$28,801 and a 30% benefit rate.

(3.2) The Purchasing Department Should Eliminate the Compliance Officer Position.

The Purchasing Department has one authorized Compliance Officer position. The Compliance Officer position is currently vacant through the recent death of the incumbent. However, when filled, this position has been primarily responsible for:

- Monitoring contractors' compliance to the prevailing wage laws, as well as track minority and women owned businesses and distribution of work hours;
- Conducting pre-bid conferences to instruct bidders on requirements and compliance needs;
- Reviewing all bid packages to ensure complete submittal of MBE / WBE forms;
- Assisting contractors with understanding the requirements of City Ordinance 4.14;
- Monitoring and ensuring compliance with City Ordinance 4.14;
- Reviewing all payroll reports submitted by contractors for compliance with prevailing wage regulations; and
- Performing periodic site visits of construction sites to informally interact with employees, as well as track the number of minority and / or woman workers.

As part of the comparative survey, the Matrix Consulting Group contacted municipal agencies to determine how they delivered this service. The points, which follow, provide a summary of the variety of alternative practices utilized by other municipalities in Massachusetts:

- **Fulltime personnel assigned to compliance.** As is the case in Springfield, some municipalities (e.g., City of Worcester) have fulltime staff in the Purchasing Departments dedicated to the enforcement of prevailing wage laws.
- **Project manager responsible for compliance.** Some municipalities, such as the City of Lynn, require that project managers are responsible for the monitoring and enforcement of the prevailing wage law, as well as City ordinances.

- **Hybrid approach.** Some communities, such as the City of Cambridge, have a hybrid approach to ensuring contractor compliance. Typically, the project manager is responsible for ensuring that contractors are in compliance with federal, state and local laws, including review of certified payroll reports, site visits, etc. The Purchasing Department is then typically responsible for spot auditing the project manager, including periodic audits of certified payrolls and other reports generated by or provided to the project manager.

The Purchasing Department should eliminate the Compliance Officer position and provide a hybrid approach to compliance monitoring. The table, which follows, provides the distribution of functions.

Function	Responsibility
Monitor contractors' compliance to the prevailing wage laws.	Project Manager has primary responsibility for reviewing certified payroll reports and ensuring compliance to the prevailing wage laws. The Deputy Purchasing Agent should conduct periodic audits of payroll reports.
Conduct pre-bid conferences to instruct bidders on requirements and compliance needs.	The Buyer, Assistant Purchasing Agent or Deputy Purchasing Agent responsible for the bid. All professional staff in the Purchasing Department should be well versed in bidding requirements.
Review all bid packages to ensure complete submittal of MBE / WBE forms.	The Buyer, Assistant Purchasing Agent or Deputy Purchasing Agent responsible for the bid.
Assist contractors with understanding the requirements of City Ordinance 4.14.	The Buyer, Assistant Purchasing Agent or Deputy Purchasing Agent responsible for the bid.
Monitor and ensure compliance with City Ordinance 4.14.	Project Manager should have primary responsibility for ensuring compliance.
Review all payroll reports submitted by contractors for compliance with prevailing wage regulations.	Project Manager should have primary responsibility for ensuring compliance. The Deputy Purchasing Agent should be responsible for conducting audits.
Perform periodic site visits of construction sites to informally interact with employees, as well as track the number of minority and / or female workers.	Project Manager should be responsible for conducting site visits and documenting all appropriate information (e.g., personnel working, etc.)

The project manager role in Springfield for large construction projects will be performed by contract. The vendor would be required to perform these functions on award of the bid.

The project team sampled active projects for which the Compliance Officer was responsible for monitoring payroll reports. The table, which follows, presents a summary of the payroll reports received and reviewed by the Compliance Officer in 2005.

Month	No. of Payroll Reports
February	1
March	4
April	8
May	14
June	24
July	29
August	31
September	15
October	23
November	17
December	7
Total	173

The points, which follow, provide a summary of the impact on staff resources.

- As shown in the table, the impact on staff resources with respect to monitoring the payroll reports is seasonal, obviously peaking in summer months when there is high construction related activities.
- The Compliance Officer received and reviewed 173 payroll reports from February 2005 to December 2005.
- While this is not a complete year, given that data were unavailable for January, January would not significantly impact staff resources, because there is typically little construction related activity during the winter months.
- The average number of payroll reports reviewed in 2005 from February through April was 7.25. Therefore, the project team assumed a total of 180 payroll reports for 2005. This sample included twenty-six contractors and / or subcontractors.

For the most part, the level of effort required to review the payroll reports is minimal. The Compliance Officer was able to review a payroll report, on average, within ten minutes. The project team assumed that the majority of payroll reports would not be problematic and that approximately 5% might require an additional effort and/or

coordination with the Deputy Purchasing Agent. The table, which follows, presents a break out of the time associated with payroll report review.

Payroll Reports	Number	Minutes per Review	Total Minutes	Total hours
90% at 10 minutes each	171	10	1,710	29
10% at 60 minutes each	9	60	540	9
Total	180		2,250	38
Gross Annual Hours (@37.5 Hours per Week)				1,950
Net Availability				80%
Net Annual Hours				1,560
Total FTE Required				0.02

As shown in the table, the payroll report review has an estimated annual impact of 38 hours or 0.02 fulltime equivalent hours (or slightly more than three hours per month).

This is not a significant impact on staff resources. The project manager should be responsible for ensuring contractors are in compliance with the prevailing wage regulations. The Deputy Purchasing Agent should be responsible for conducting periodic audits of the certified payroll reports. This should account for approximately 15 to 20 hours per year.

Recommendation: The Purchasing Department should eliminate the Compliance Officer position. The City should take a hybrid approach to ensuring compliance by assigning primary responsibility to the project manager with auditing functions to be performed by the Deputy Purchasing Agent. This represents a net savings of \$60,199, assuming the current salary of \$46,307 and a 30% benefit rate.

(3.3) The Purchasing Department Should Enhance the Utilization of Professional Procurement Personnel.

The Purchasing Department has four staff that are responsible for professional procurement activities, including:

- **Deputy Purchasing Agent:** This position is responsible for the procurement of all construction related services, as well as serves a deputy director of the Department.

- **Assistant Purchasing Agent:** This position supervises the daily activities of two buyers. Additionally, this position is responsible for procurement of goods and services as directed by the Chief Procurement Officer.
- **Buyers:** There are two buyers who are responsible the procurement of goods and services for the City under the direction of the Chief Procurement Officer. This includes all informal and formal bids.

The City of Springfield does not have an automated information management system that would enable the Purchasing Department to easily extract useful data. The project team has identified several potential improvement opportunities in this report that would reduce duplicative work, enhance the City's purchasing power and improve the level of service provided to customers.

As noted in section 4.2, for example, the project team sampled purchase orders issued by Purchasing. While the Purchasing Department establishes price agreements, it does not require customer departments to utilize blanket purchase orders. While not all price agreements can be consolidated (i.e., because of unique goods or services provide), there are still opportunities to reduce the number of agreements and vendors with whom the City purchases similar goods and services. Price agreements require the following:

- Competitive bidding process, including RFP production, advertisement, distribution, receipt and analysis;
- Signature and approval for each price agreement from several departments, including Purchasing, Auditor, Law, customer department, and Mayor's Office; and
- Monitoring of the price agreements.

By analyzing price agreements usage and needs of the customer departments and consolidating price agreements, where appropriate, the Purchasing Department can:

- Reduce the workload of professional procurement staff;
- Minimize the impact on other City departments (e.g., review and approval of all price agreements by multiple departments);
- Maximize the purchasing power of the City through increased competition (e.g., more attractive and higher value price agreements, etc.); and
- Increase the level of serviced provided to customer departments (e.g., better negotiated prices, services and / or quality, increased access or availability of items, etc.).

The project team also reviewed the workload in the Purchasing Department associated with the competitive bidding process. The table, which follows, presents the historical data on the number of bids processed by the Purchasing Department.

Type	FY 2003 – 2004	FY 2004 – 2005	FY 2005 – 2006 (Annualized)
Formal	202	182	237
Informal	135	165	180
Emergencies	4	5	5
Total Bids	341	352	422

The project team developed an analysis of the time associated with the bidding process. These assumptions were developed based on input from Purchasing Department personnel.

- Informal bids do not take a significant amount of time, often because the customer department has solicited quotations and provided the information to the Purchasing Department.
- The time associated with processing formal bids varies significantly depending on the complexity of the bid. In recent months, the City has increased the number of complex bids issued (i.e., outsourcing and privatization bids have increased).
- A range of eight to twenty five hours was estimated to complete bids. This includes all activities, such as researching bids, developing the request for proposals, meeting with customer departments, conducting bid openings, etc. The project team assumed the following distribution of bids:

Complexity (Ave. Hours to Complete)	% of Total	Number of Bids
High (25)	40%	95
Medium (15)	30%	71
Low (8)	30%	71
Total	100%	237

The table, which follows, presents a summary of the estimated staff hours required to process the annualized number of bids.

Item	2005 - 2006 Annualized	Estimated Hours per Bid	Total Staff Hours Required
Formal Bids			
High	95	25.0	2,380.0
Medium	71	15.0	1,071.0
Low	71	8.0	571.2
Informal	180	3.0	540.0
Emergency	5	5.0	24.0
Total	422.8		4,586.2
Gross Annual Hours (@37.5 Hours per Week)			1,950
Net Availability			80%
Net Annual Hours			1,560
Total FTE Required			2.9

As noted, there are four fulltime equivalents responsible for professional procurement activities. The analysis of time requirements for current procurement activities indicates that the Department has approximately 1.1 FTE hours available for additional work and services. Given that some of the professional procurement staff have additional duties, such as monitoring the heating fuel accounts, etc., and this report recommends an expansion of role and responsibilities for the Purchasing Department that affect the professional procurement personnel, the Department should continue to authorize funding for these positions (Deputy Purchasing Agent, Assistant Purchasing Agent, and two Buyers). However, the role of these staff should be expanded to include the following tasks:

- Conduct periodic analysis of department purchases to ensure: (i) compliance to Massachusetts General Law Chapter 30 B and City policies and procedures; and

- (ii) to ensure the procurement activities are functioning effectively and efficiently (i.e., minimizing duplicative and unnecessary work, maximizing purchasing power of City and departments, etc.);
- Provide training to customer departments, including department managers, as well as key department procurement personnel;
- Develop a library of standard forms and documents, including requests for proposals, invitations to bid, vendor evaluation forms, sample specifications, advertisements, etc.;
- Evaluate vendors on an ongoing basis; and
- To monitor compliance with the prevailing wage requirements (i.e., conduct periodic audits of certified payrolls, etc.).

The Purchasing Department should eliminate one buyer position. The Deputy Purchasing Agent and the Assistant Purchasing Agent should have primary responsibility for handling complex bids. The remaining Buyer should be utilized to process bids of a low to medium complexity.

Recommendation: The Purchasing Department should maintain its current professional procurement staff. However, staff roles should be expanded and changed to provide analytical support to customer departments.

(3.4) The Purchasing Department Should Eliminate the Secretary Position.

The Purchasing Department has two authorized positions, which provide general clerical and administrative support as well as coordinate contracts and price agreements (e.g., ensure paperwork is complete, routed for appropriate signature and monitored for expiration). In addition to processing contracts, the secretary is responsible for processing all surplus and / or obsolete sales and receiving all bid deposits. The table, which follows, presents a summary of the number surplus and / or obsolete sales.

Year	Number of Auctions	Number of Vehicles	Revenue
FY 2003 - 2004	6	235	\$44,599
FY 2004 - 2005	4	103	\$58,420

Price agreements and contracts account for the majority of the administrative assistant and secretary's work activities. The table, which follows, presents a summary of the price agreements and contracts processed by the Purchasing Department, which are primary roles of administrative staff.

Item	FY 2003 – 2004	FY 2004 - 2005	FY 2005 – 2006 (July to November)
Price Agreements	159	145	44
Contracts	206	205	120

Based on input from staff, the project team developed the following assumptions relating to the processing of contracts and price agreements.

- The secretary and the administrative assistant are responsible for tracking and routing paperwork associated with contracts and price agreements to ensure all documents are complete and signed.
- Price agreements are monitored for expiration dates. Letters are distributed to departments prior to expiration if there is an option to renew. In other words, there is a level of ongoing monitoring associated with price agreements.
- The majority of contracts and price agreements can be processed within three and one half hours each. This includes receiving paperwork, creating contract/price agreement numbers, and distribution and receipt of documents.
- A portion of contracts (estimated at 25%) and price agreements take an average of five hours each to process due to problems, such as incomplete packets, follow up calls / reminders to personnel signing documents, walking the contract to each department for signature, etc.
- If the Purchasing Department continues to develop and utilize standard templates and forms, as recommended in this report this will facilitate the processing time associated with contracts and price agreements.
- The project team assumes that the Purchasing Department will continue to maximize the City's purchasing power (e.g., consolidation of multiple contracts

and / or price agreements for same goods or services with different vendors, etc.). This will reduce the overall number of contracts and price agreements.

The table, which follows, presents a summary of staff hours required to handle annual workload for the last complete fiscal year (2005-06) because the number of price agreements and contracts fluctuates greatly with disproportionately greater number issued at the start of the fiscal year.

Item	FY 2004 - 2005
Number of Price Agreements and Contracts	350
75% at 3.5 hours	918.8
25% at 5.0 hours	437.5
Total Hours Required	1,356.3
Gross Annual Hours (@37.5 Hours per Week)	1,950.0
Net Availability	0.8
Net Annual Hours	1,560
Total FTE Required	0.87

While the Secretary and Administrative Assistant positions have collateral duties, contract and price agreements account for the majority of their work activities. As the table shows, workload levels combined are estimated to be less than 1.0 fulltime equivalent for those tasks.

Additionally, the project team identified several opportunities for improvement with respect to the streamlining of processes and reduction in duplicative work, such as the analysis and consolidation of price agreements, where appropriate. If the Purchasing Department reduces price agreements by 10%, a conservative estimate, this would free up an additional 339 hours (0.22 FTEs) to provide assistance with processing of auctions and receipt of bid deposits.

The Purchasing Department should eliminate the secretary position. Responsibilities for processing contracts should be assigned to the administrative assistant position.

Recommendation: The Purchasing Department should eliminate the Secretary position. This represents a net savings of \$42,771, assuming the current salary of \$32,901 and a 30% benefit rate.

(3.5) The Purchasing Department Should Eliminate the Accounts Payable Clerk Position and Merge the Position's Responsibilities With Those of the Purchasing Technician.

The Purchasing Department has two fulltime positions that provide a variety of support and services to the Department. The table, which follows, provides a summary of the two positions.

Position	Key Duties
Accounts Payable Clerk	<ul style="list-style-type: none">• Responsible for processing change order requests.• Monitors the Purchasing Department's expenditures and budget.• Tracks time and attendance for Department personnel, including leave time balances.• Responsible for completing the tax-exempt forms for vendors.• Purchases the Department's office supplies and oversees maintenance agreements for office equipment.• Provides front counter support.
Purchasing Technician	<ul style="list-style-type: none">• Provides support to the Buyers with respect to bids, including creating bid files, vendor lists, mailing labels, etc.• Provides assistance with respect to the processing of purchases requisitions and orders.• Processes change orders when needed.• Updates and makes changes in the vendor databases when required.• Troubleshoots problems for the Department, as requested.• Provide front counter support, customer service and technical assistance to customers seeking help.

The points, which follow, provide a discussion of the information provided in the table:

- The accounts payable clerk is responsible for monitoring the Department's expenditures and purchases. FY 2004-05 expenditures amounted to \$41,604.
- The Department provided a sample of change orders processed. From August through November, the Department processed 82 change orders. Annualized, the Department is projected to process 246 change orders. Assuming that each change order takes no more than one half hour to process (an assumption verified by staff), this represents seventy-four hours of staff time.
- The City of Springfield is in the process of automating and standardizing the time and attendance reporting system. Additionally, the Auditor's Office is in the

process of implementing monthly reports to provide Departments with budget and expenditure data.

- The purchasing technician provides support to the buyers, including creating appropriate files and vendor mailing lists, etc. This position also oversees staff processing purchase requisitions.

The project team has presented several recommendations in this report that impact the workload and staffing requirement for the purchasing technician and accounts payable clerk positions. The points, which follow, present the impacts discussed in this report.

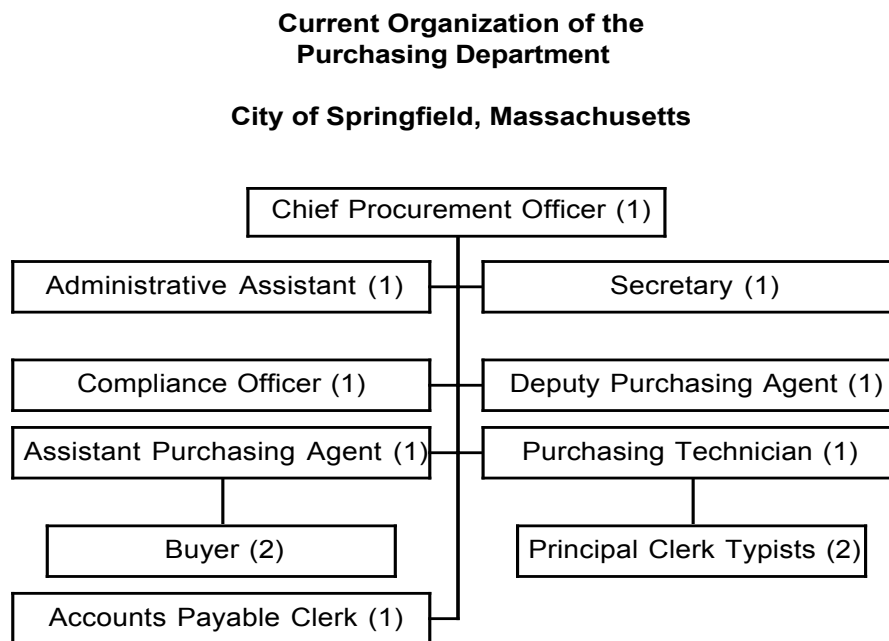
- Reduction in volume of paper to process, through the expanded use of blanket purchase orders. This will also facilitate the procurement activities for the Purchasing Department (i.e., \$41,604 in materials and supplies for the Department);
- Increased training for customer departments, which will result in fewer errors (i.e., change orders, etc.), as well as a more efficient process;
- Enhanced automated systems to track and monitor leave time usage and accrual;
- Creation of standard forms and templates, including vendor lists by categories and bid packages to facilitate the bid preparation and distribution process; and
- Increased access by customers to relevant information from the Department over the Internet.

Given the significant changes recommended in the Purchasing Department, the Accounts Payable Clerk position should be eliminated and the Purchasing Technician should absorb the accounts payable functions, as well as process change orders.

Recommendation: The Purchasing Department should eliminate the Accounts Payable Clerk position. The Purchasing Technician should assume the responsibilities of the Accounts Payable Clerk. This represents a net savings of \$42,771, assuming the midpoint salary of \$32,901 and a 30% benefit rate.

(3.6) Summary of Staffing Recommendations.

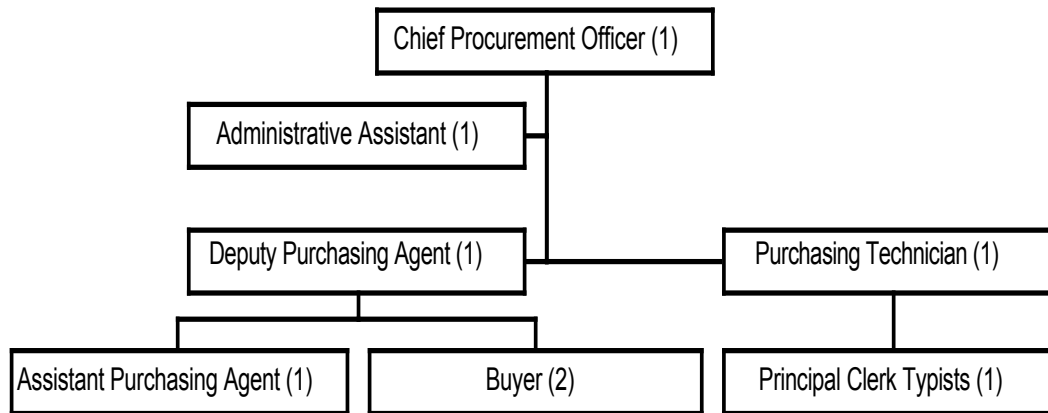
This section provides a summary of the staffing recommendation presented in this chapter. Presented below is the current plan of organization for the Purchasing Department.



The Purchasing Department currently has twelve authorized positions. The Matrix Consulting Group recommends the elimination of four fulltime equivalents. The plan of organization, which follows, presents the staffing recommendations.

**Recommended Organization of the
Purchasing Department**

City of Springfield, Massachusetts



The table, which follows, presents the net savings associated with the staffing recommendations presented in this chapter.

Position	Salary	Benefits @30%	Total
Accounts Payable Clerk Sr.	\$32,901	\$9,870	\$42,771
Principle Clerk Typist	\$28,801	\$8,640	\$37,441
Secretary	\$32,901	\$9,870	\$42,771
Compliance Officer	\$46,307	\$13,892	\$60,199
Total			\$183,182

APPENDIX A

COMPARATIVE SURVEY

The Matrix Consulting Group conducted a comparative survey of purchasing functions from other municipal agencies in Massachusetts. The survey was distributed to thirteen agencies. However, even after extensive attempts to re-contact agencies, only two cities participated in the survey. The table, which follows, presents a comparison of staff and budget.

	City of Newton	City of Quincy	City of Springfield
Total FY 2006 Budget	\$310,165	\$235,000	\$555,623
Total Staff	3.5	4.0	12.0
Expenditure per FTE	\$88,619	\$58,750	\$46,302
Number of POs	10,000	N / A	24,000
Number of POs per FTE	2,857	N / A	2,000
Number of Bids (formal and informal)	205	313	350
Number of Bids per FTE	59	78	29

The number of purchase orders per fulltime equivalent is 2,857 in the City of Newton, compared to 2,000 purchase orders per FTE in the City of Springfield. Data were not available for the City of Quincy.

The range of bids per FTE is from a low of 29 in the City of Springfield to a high of 78 in the City of Quincy.

The comparative agencies provided additional information regarding their purchasing operations. A summary of the information is presented in the points, which follow.

- Similar to Springfield, all department heads must approve expenditures for their departments.
- The Cities of Newton and Quincy utilize a hybrid approach to developing RFPs with customer departments providing input on specifications. The City of

Springfield does not have a standard approach to the development of RFPs. In Springfield, the knowledge, skills and abilities of customer department staff with RFP development drives the role and level of support provided by the Purchasing Department.

- None of the surveyed departments have implemented a procurement card program. The City of Springfield has not developed a procurement card program. However, as noted in the previous chapter of this report, the sample of purchase orders indicated that 76% of purchases were low dollar amounts (under \$1,000). A total of 63% of the sample were purchases under \$500. These types of purchases are ideal for procurement cards.
- The surveyed agencies conduct annual bids for routine supply materials, such as office supplies, light bulbs, paper goods, etc. The City of Springfield conducts annual bids and price agreements for office supplies.
- Both the City of Newton and the City of Quincy have procurement personnel that have Massachusetts Certified Public Purchasing Officer designations. The City of Springfield is in the process of training key personnel in the Purchasing Department. At the time of this study, the Department did not have any staff with MCPPO designations.
- Neither the City of Newton nor the City of Quincy have a compliance officer position. In the City of Newton, the Comptroller's Office is responsible for monitoring prevailing wage compliance. In the City of Quincy, the Purchasing Department ensures that the language for the prevailing wage requirement is included in the contract. However, the project manager is responsible for ensuring compliance.

Overall, there are several benchmark practices identified through the comparative survey, including staff training and designations and use of annual bids.

The table, which follows, presents the results for the comparative agencies.

CITY OF SPRINGFIELD, MASSACHUSETTS
Independent Study of the Purchasing Department

Question	Newton	Quincy	Springfield
What is the current fiscal year's operating budget?	\$310,165.00	\$235,000	\$555,6223
Please indicate the number of authorized positions in this Department?	1.0 Head Clerk 1.0 Principal Clerk 1.0 Assistant Buyer 0.5 PO Clerk	4.0 FTEs	1.0 CPO 1.0 Dty. Purch. Agent 1.0 Asst. Purch. Agent 2.0 Buyer 1.0 Purchasing Tech. 2.0 Prin. Clerk Typist 1.0 Compliance Officer 1.0 A/P Clerk 1.0 Admin. Assistant 1.0 Secretary
What are the hours that your employees work?	8:30 am to 5:00 pm	8:30 am to 4:30 pm	8:30 am to 4:30 pm
What hours is your office open for services to the public (for example – vendors)?	8:30 a.m. – 5:00 p.m.	Same	Same
Do you operate a “supply warehouse” for departments to acquire needed supplies and equipment from? If so, what commodities are typically stocked in this warehouse (e.g., office supplies, parts, etc.)	No	No	No
Do you have a purchasing ordinance outlining major processes, dollar limits required for formal versus informal bidding?	Yes	Yes, as outlined in M.G.L. Chapter 30B	Yes
What is the purchasing authority for staff (e.g., dollar amount for department directors, managers, line personnel)? Is this amount set by ordinance or Finance Department policy?	All purchases have to be approved by the Department Head.	All purchases have to be approved by the Department Head.	This has not been delegated. Department directors are responsible for authorizing all spending in their departments.
For RFP / RFQs, who is responsible for developing the specifications (operating department or purchasing staff)?	Operating department working with the CPO	Department head and purchasing agent.	This depends on the skills and abilities of customer departments.

CITY OF SPRINGFIELD, MASSACHUSETTS
Independent Study of the Purchasing Department

Question	Newton	Quincy	Springfield
For 2004, please describe any workload data.	100 Quotes and letter bids (letter bids are <25K) 89 Public Bids 10,000 PO's RFP's, RFI's or RFQ's – 19	198 contracts 40 bids calls	24,000 purchase orders 350 informal and formal bids
If known, what is the average processing time for purchase orders?	Depends on the dollar amount: \$1,000 or less – two days \$1,001 or more – 3-7 days	N/A	On average, 3 to 5 days
Do you utilize any inventory system to automatically order supplies and/or materials based upon utilization? If so, for what type of items?	No	No	No
Does your organization utilize Purchasing cards?	No	No	No
Do you conduct annual bids for routine supply and material purchases? If yes, for which commodities (e.g., office supplies, light bulbs, paper goods, etc.)	Yes, too many to list.	Yes, for Chapter 149 maintenance contracts.	Yes, for Office Supplies.
Do you have a master vendor database? If so, who is responsible for maintaining the vendor database? Is the same vendor data file utilized for both purchasing and accounts payable?	Yes, the Purchasing Head Clerk maintains it regularly. No, we do not use the same data base as AP.	Yes. Purchasing Department staff maintain this.	Yes, there are several department personnel that access the database and can make changes. This is the same database as Accounts Payable.
Do you utilize electronic requisition forms for departments to place orders?	Yes	Yes	Both electronic and manual. However, data for purchase order must be manual entered into the system from the electronically transmitted PRs.

CITY OF SPRINGFIELD, MASSACHUSETTS
Independent Study of the Purchasing Department

Question	Newton	Quincy	Springfield
Do you hold an auction for disposal of surplus City property? If yes, how frequently? What is the cost of having the auction and how is it conducted (in person auction, sealed bids, etc.)	Yes, every two – three years for Police property. Takes place at the Police garage. Police spend two days setting up – Purchasing conducts auction on a Saturday.	Yes	Yes, several per year. In FY 2004 – 2005 held 4 auctions.
What training do staff receive? Is anyone a Certified Procurement Officer? If so, what classification(s) (i.e., Director, Buyer, etc.)?	In house training with the CPO – weekly on Mass General Laws, Purchasing Procedures. I am in the process of writing SOP's. CPO is certified by the State with the MCPPO designation for Supply/Services and all Construction bids. Hoping to have Assistant certified soon.	Staff take courses offered by the Office of the Inspector General.	No formal training has been provided historically. The Department has recently sent two FTEs to MCPPO classes.
Is your office responsible for monitoring Prevailing Wage compliance for your community?	No, this is provided by staff in the Comptroller's Office.	The Purchasing Department puts relevant language in the contract. DPW monitors this on an ongoing basis.	Yes, there is one authorized position responsible for this function.